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Edited by DOUGLAS JERROLD

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THE ENGLISH REVIEW

Current Comments

FEBRUARY, 1933

The Financial Situation

THE national financial situation, to which little or no reference is made in the Press, is becoming increasingly serious. The pretence that we have balanced our budget, or that we are in a position to do so, cannot be much longer sustained, and the next budget will make the position clear. This position is in no way less grave than it was when the National Government took office, and its gravity is only concealed by the fact that the situation in the United States and France has got so much worse in the last twelve months that the exchanges can be kept relatively stable. Indeed, it is not impossible that a second devaluation of the franc will take place in the near future. This, however, will not help us: it will merely affect our own trade balance unfavourably, and add appreciably to the political unrest which continues to prevent the slightest revival of confidence.

The a.b.c. of the Budget

THE situation facing us in this country has been often described as one in which reflation or further drastic economies are the only alternatives. This was a reasonable diagnosis of the position fifteen months ago, when it was assumed that gold prices had reached rock bottom. Actually our devaluation of sterling cut across the fall in gold prices with the result that our tariff policy has quite failed to restore the sterling price level or the revaluation of sterling to assist our export trade materially. To talk in these circumstances of balancing our budget by further economies is moonshine. Such balancing must have a deflationary effect which will reduce taxable income and capital still further, while adding to unemployment.

These are not surmises, but facts. At the present level of prices it is impossible for any government of whatever party, socialist or individualist, protection or free trade, to balance its budget, except temporarily by the wholesale confiscation of capital to be spent as income. The burden of our fixed irreducible sterling obligations is altogether too large.

A Yard Stick to Measure the Problem

THE best measure of the problem is to be found in the calculation that at the present price level the nation cannot afford a burden of state and local indebtedness exceeding £4,000 millions. If this is so, our task is to raise prices to a point more than 200 per cent. above the pre-war level, the present index figure being 42. Such a rise in sterling prices would of course be incompatible with the maintenance of the sterling-gold exchange at its present ratio, and it follows that a successful attempt to maintain the exchange at its present ratio is incompatible with a balanced budget. The international aspect of the problem is equally obvious. Any further devaluation of sterling will be unwelcome in the United States, particularly in view of the possibility of a new fall in the franc. Every effort will be made by the United States to force us to gold in return for debt concessions. Such an attempt will fail, whatever undertakings are given, because the inevitable sequel will be a series of unbalanced budgets and a renewed flight from sterling. Still, the attempt will be made, and if it were even temporarily successful the result would spell disaster for British industry.

Five Principles

IN these exceptionally critical times, Members of Parliament will do well to hold fast, and to see that the Government hold fast, to a few simple principles.

(1) The first duty of the British Government to the world is to re-establish British industry and agriculture. The immediate results to our friends abroad must be

ignored. No currency which rests on a bankrupt economy can last, and a financial disaster in this country would ruin the world. We must save ourselves if we are to save others.

(2) A substantial rise in sterling prices is incompatible with the present exchange ratios, yet such a rise is the indispensable condition of national solvency.

(3) Economy accompanied by strictly equivalent remissions of taxation has no deflationary effect, and has the supreme merit of leaving money to fructify where it can best do so, in the pockets of the people and most notably in the pockets of the wage earner.

(4) Economy unaccompanied by the equivalent remission of taxation has a mainly deflationary effect. In present circumstances, therefore, such a procedure may well add to the burden on industry and foster unemployment. A budget which is unbalanced by reason of fixed obligations disproportionate to the price level can be effectively balanced in one way only—by a rise in the price level leading to a remission of taxation. Every other measure will tend to accentuate the disease.

(5) The disease from which we are suffering affects not merely the State, but the finances of every business concern in the country, with the added danger that whereas State salaries and wages are still relatively high, wages in many industries cannot be reduced without very grave social and political consequences. Even, therefore, if it were possible to balance the budget by further deflationary measures, industry could not be saved in that way.

George Moore

GEORGE MOORE'S work raises the chief problem of æsthetics: the relation of style to content. His admirers admit that his novels were lacking in intensity, lacking in strength, that their even tone and unvarying pace were soporific, and that their criticism of life was immature; yet at the same time they claim him as the

greatest prose artist in English. The claim is inadmissible; in the greatest art, form is not divorced from content; the two merge and are indistinguishable. But in the second-class literature the thought content may be infirm and yet the work may have an inexplicable effect, evoked by the sound, the rhythm, the half-conscious connotations of words—factors which are present in all literature, but which become over-conspicuous when the content is weak. Spenser is an example of such art in verse. It would be a narrow æsthetic which could not do honour to work of this sort; but it would be a false æsthetic which allowed it the first place. For if it be admitted that George Moore—limited, perverse, indifferent to most of life—was a truly great artist, then it becomes time to consider whether Plato was not right in banishing the whole tribe from his ideal state. But without making such a wicked admission, it is just to recognize George Moore as an artist and as such to honour his memory.

The Dispute with Persia

THE dispute with Persia is an interesting example of the evil results of government holdings in industrial enterprises abroad. Captain Acworth's article in this number throws a great deal of fresh light on this question which Members of Parliament will no doubt be called on to consider in the near future. The facts cited leave little room for doubt that the British Government should rid themselves of an investment which has yielded them none of the fruits anticipated, though it has involved them in an extremely unpleasant international dispute. There is, indeed, one precedent, and one only, for the investment of large sums by the British or any Government in a commercial concern on foreign soil. Disraeli's action in purchasing $\frac{7}{16}$ths of the capital of the Suez Canal Company in 1876 for £4 millions is almost invariably applauded as a master stroke of foreign and financial policy. It has indeed been profitable to the

taxpayer, but the political results have been as nugatory as those of our Anglo-Persian investment.

Some Facts about the Suez Canal

THE Company is controlled by French interests; it is staffed by Frenchmen, and equipped exclusively with French machinery. Though 56 per cent. of the shipping passing through the canal is British, the British representatives on the Board of the Company are, and will remain, in a minority. The cost of the Suez Canal was £30 millions, that of the Panama Canal £75 millions, but the transit duties payable at Suez are more than 25 per cent. in excess of those levied at Panama, and amount at current rates to at least five shillings per ton of cargo, and sometimes much more. The original capital has since 1875 been repaid ten times over in dividends free of French taxation.* The value of a share (250 francs) is to-day about 18,000 francs, which, even allowing for the devaluation of French currency, is sufficient to indicate the magnitude of the financial reserves, invested largely in land and property in France. Before we complain too loudly of the subsidies granted by other nations to their shipping we should do well to consider how far the Treasury is justified in crediting to general revenues sums obtained by this enormous levy on British trade to the East.

National Defence

WE hope Conservatives will not be bamboozled by Mr. Montagu Norman into tolerating any further

* The dues have been reduced in the last twelve years by 21·7 per cent. The amounts paid in dividends by the Canal Company for the years 1920–1929 are as follows (*The Times*, 24.4.31) :—

1920	...	£2,173,000	1925	...	£2,150,000
1921	...	£2,201,000	1926	...	£3,501,000
1922	...	£2,076,000	1927	...	£3,712,000
1923	...	£2,338,000	1928	...	£4,148,000
1924	...	£2,605,000	1929	...	£4,301,000

These figures take no account of very large sums credited to various Reserves.

economies on the navy and army. Such economies can do no good to trade directly, and indirectly will aggravate still further the world disorder which is at the root of most of our troubles. Our fleet is weaker relatively than it has been for two hundred years, and the present condition of the world and of trade and employment at home does not suggest that any one, British or foreign, is a penny the better for it. On the contrary, the fact that our navy is not seaworthy and that, as Captain Liddell Hart points out, our army could not take the field largely accounts for the decline in British prestige. It is all very well for the Press to blackguard Sir John Simon for his hesitations at Geneva—but what can a Foreign Secretary do to appease a situation in which his country is powerless to intervene in any way. It is quite useless to pretend that international affairs will regulate themselves. This news has at last reached even the League of Nations Union. The blunt fact about Manchuria is that the League is faced with four powers all heavily armed—Russia, China, Japan and the United States—none of whom care twopence about saving the face of the League, while Dr. Benes and Lord Robert Cecil, who do, and rightly, cannot muster between them a box of toy soldiers. Meanwhile Stalin announces, as a first fruit of the partial success of the five years' plan, an immense increase in military expenditure.

DOUGLAS JERROLD.

Oil and Policy

By Captain Bernard Acworth

(*Author of* "Back to the Coal Standard" and "Navies of To-day and To-morrow.")

THE true moral to be drawn from the dispute now in progress at Geneva between the British and Persian Governments is not the turpitude of Oriental monarchs, the frailty of Eastern democracies, nor even the facilities offered by Kellogg Pacts and other devices to a small Power which wishes to evade its obligations and to blackmail fellow-members of the League. The action of the Persian Government in cancelling the concession was, it will be generally conceded, without any sanction in accepted international law, though it is far from being without precedent. The action of the Soviet Government in the matter of the Lena Goldfields, involving the confiscation of British assets valued by arbitration at over £13 millions, and the revocation by the Chilean Government of its decrees relative to the Cosach Company, involving even larger amounts, are recent cases in point. In neither case has the National Government taken a "strong" line, and the general opinion abroad is that the Foreign Office would not have indited Notes of such asperity to Persia had not the British Government itself invested some £7½ millions in the Anglo-Persian Oil Company, its holding being valued in the past eight years at anything from £10 to £45 millions sterling.

It is likely, as suggested by the *Times*, that the Company has suffered owing to Persian resentment at the British attitude in regard to various diplomatic issues at stake between the two Governments. It is reasonable to suggest that the Company would have escaped the royal axe but for the fact that it is controlled by the British Government which, having thus given hostages to fortune, is correspondingly vulnerable, particularly before an international tribunal.

We have, in fact, sown the wind, not only in 1913, when the decision to invest in and control the oilfields

of Southern Persia was taken, but during the past six years, by displaying in Persia that complacence in face of successive diplomatic rebuffs which is typical of the spirit of defeat which has long been the bane of our foreign policy. On this point *Le Temps* of December 27th is more enlightening than any of its British contemporaries :—

> " Since 1919 England has never ceased to retreat from the position she occupied at the close of the war. The North Persian Oil Concession was not only cancelled, but the Persian Government laid it down that the participation therein of the Anglo-Persian Oil Company—direct or indirect—was sufficient ground for refusing the advances of American oil interests. The same suspicion was responsible for the suppression of the South Persia Rifles, and for the refusal of the Shah to allow the Imperial Airways to traverse his territory. The abolition of the Capitulations in 1927 was, above all, aimed at England, as also the recovery of complete liberty of action in regard to Customs duties accepted by the British Government in 1928. In vain did England bow her shoulders to the scourge of the Nationalist movement, withdrawing her troops from Duzdat and Bushire and abandoning Shaikh Sir Khazal Khan, G.C.I.E., who had undertaken from the beginning of operations to protect the Company, and who remains (since 1926) a prisoner at Tehran. The cancellation of the concession is the logical consequence of these successive rebuffs, and is not due merely to financial differences of opinion in regard to payments due to the Persian Government. It is true that the consequences of the world economic crisis—the reduced price of oil, the fall of the pound, the negotiations for limiting output—have accentuated the hostility of the Shah. Yet these immediate grievances are far less important than the deep-seated causes which allowed the Shah to pursue methodically his scheme to evict the British Admiralty from the shores of Southern Persia, as he had already evicted the British-Indian troops, and the ground-organization of the air route which connects India with the capital. 'Whatever be the result,' observes the official *Izvestia*, 'the conflict, echoing through Eastern countries will widen the cracks in the ruined structure of the British Empire.'" " British diplomacy," concludes Monsieur Henri Rollin, " is faced by an extremely difficult task, for it is called upon not only to maintain British prestige, but also to assure to the Fleet, the keystone of the arch of empire, its sources of power and means of offence."

These views have hitherto found no echo in the British Press, which continues to regard the matter as of

secondary importance. They are, however, very widely held abroad, especially in France, Germany and America, and are, moreover, substantially well grounded.

In these circumstances no apology is needed for recalling the considerations which led Mr. Winston Churchill to sponsor, and Sir Edward Grey warmly to defend, an investment which, whilst financially not very considerable, has had, as was clearly foreseen at the time, profound repercussions both on British policy and strategy in the Middle East, and on our internal economic policy.

In 1903 the Board of Admiralty of the Unionist Administration, anticipating the impending vogue for oil fuel, appointed a Committee to consider the question in all its bearings. When the Liberal Government came into office in 1905 this Committee was dissolved, and it was not until about the year 1911 that the problem of oil supplies was seriously reconsidered. The three naval programmes of 1912, 1913, 1914, comprising the greatest additions in power and cost ever made to the Royal Navy, were all designed to burn oil, and oil only. Reserves of oil fuel had, therefore, to be acquired and maintained not only in the United Kingdom, but abroad, at a time when few merchant ships were using anything but coal. A Royal Commission on Oil Supply was set up under the Presidency of Lord Fisher; its work was secret and, as I have shown in "Back to the Coal Standard," its report has never been published. Its duty, as defined by the First Lord, was—

(1) to find the oil;

(2) to show how it can be stored cheaply;

(3) to show how it can be purchased cheaply in peace and with certainty in war;

(4) to develop its application to existing and prospective ships.

Mr. Winston Churchill did not want for advice from Lord Fisher's Commission on (1). For reasons which he has nowhere attempted to explain, he despatched a Commission to the Persian Gulf to examine "the oil-

fields" in that region and in no other. Their report, which was duly presented to Parliament, dealt with the Masjid Sulaiman, in South-Western Persia, 30 miles east of Shushtar, where oil had been found in paying quantities some 120 miles from the sea coast, and with possible oil-fields on the islands of Kishm, Bahrain and elsewhere. A map was appended, studded with indications of oil, and Mr. Churchill in Parliament made no secret of his belief that the whole area of some 500,000 square miles, and especially Kishm Island, was petroliferous.

After a lapse of some twenty years we know better: not a drop of oil has been won by the Company from any locality except the original field at Masjid Sulaiman and its extension at Haftkel. It is true that, on the Island of Bahrain, which is under British protection, oil was struck last year, in great quantities. But this discovery is due to an American company, for the Anglo-Persian has never made any attempt to bore for oil in this politically safe spot, nor has it shown any activity on the shores of the Persian Gulf, except in a half-hearted way at Kishm, where no oil was found.

The proposal to invest some £2 millions in the Company and thereby to obtain control, subject to an undertaking not to interfere in matters of commercial management, was submitted to Parliament in 1914, and was approved by a very large majority (254 to 18). But the speeches delivered, which showed the House of Commons at its best, were for the most part exceedingly criticial of the scheme for reasons which time has shown to be sound.

Mr. Churchill commended the proposal primarily as a means of evading the grip of the great oil trusts, the Standard Oil Companies and the Royal Dutch. The spokesman of the last named (Mr. Samuel Samuel) repudiated in the most formal manner that there was any monopoly, or that the British Government could not get as much oil as it cared to buy at a fair price.

Mr. Ramsay MacDonald on general grounds supported,

though not without grave misgivings, the proposal, as a blow struck against the oil trusts, but, he added :—

> " I hope we shall get a pledge from Government that they are going to acquire property in the British coal-fields which are in time of war the only absolutely secure source when the supply of oil is so vital. I want a statement as to the Government's intention as regards the supply of oil from our own fields. If Government is wise, it will apply precisely the same economic doctrine to our home oil supply that it is applying to the oil-fields of Persia."

Mr. Churchill himself was not backward in his profession of devotion to the interests of British coal. " We shall," he said, " continue to develop by practical means our home supply of shale oil. . . . We shall do our utmost to encourage the extraction of liquid fuel. . . . We shall be prepared to offer prizes to encourage the development of processes which will yield liquid fuel from coal."

Sir Fortescue Flannery's comment was :—

> " To a foreign industry and to the development of foreign employment £2½ millions, to the development of home industry a prize for a laboratory experiment! If the Right Hon. Gentleman would develop the production from coal of oil and would invest money with some British producer he would do more for employment at home. The proposal is wrong in principle . . . and will not ensure that continuity of supply which is vital to the Navy."

" What evidence have we," asked Colonel Gretton, " that efforts have been made to develop oil supplies within the British Empire? " He elicited no reply. Yet Trinidad to-day produces 1½ million tons, more than Persia produced two years after the end of the war.

Another, and even more serious, point was dealt with by Sir Edward Grey, who explained to Mr. (later Lord) Ponsonby that Persia had not been consulted as to the acquisition of control by the British Government as it was not necessary to do so.

> " If," he said, with prophetic insight, on June 17th, 1914, " we have difficulties with Turkey, if our relations with Russia become less good than they are, the protection of the field would become a source of anxiety. But that applies to any other

part of the world where we might get oil fields outside the British Empire."

"Though oil is contraband of war," he continued, "there is no obligation on a neutral, and indeed it is contrary to the proper application of international law for a neutral to interfere with the export of contraband, provided that it is not on the scale which makes the port a military or naval base. Can we be sure that the U.S.A. would take that view? International law is something with no sanction behind it, but it is not in the least likely that the Persian Governments, either now or in future years, will raise such intricate points of international law." "The Admiralty," he added, "are not only prepared to take the fullest advantage of any discoveries which will ensure a supply from the coal fields at home, but will do all in their power to encourage research to make those supplies available."

His critics, including Mr. George (now Lord) Lloyd, were not satisfied, and pointed out that we were, in fact, entering on serious military and political commitments beyond our strength. A speech by the Chairman of the Company to the shareholders was quoted, "The British Government has now acquired a controlling interest in our company, and we are entitled to demand and expect the protection of the British Government against any attempt to ruin our property."

Mr. Churchill swept aside all these criticisms, emphasizing once more that he put forward the proposal, "not as the sole source of naval oil supply, but only as an important contributory source, which will exercise a dominating influence over our relations with all the other oil companies."

Exactly five months later an Indian Expeditionary Force, despatched with the primary object of protecting the oil-fields and refinery in Persia, entered Basrah, and the British Government was committed to the greatest and most costly military expedition ever undertaken East of Suez.

In describing, with pardonable pride, how he piloted through Parliament* the Bill authorizing the Anglo-

* Mr. Churchill, in his "World Crisis," states that by the autumn of 1913 the Convention was the law of the land. This is incorrect; the discussions on the subject were in 1914, and the Bill did not receive the Royal Assent till August 10th.

Persian Oil Convention, Mr. Churchill concludes: "We now at any rate had an oil supply of our own." How far was this, in fact, the case? The total Persian production in 1914 was a little over 250,000 tons, and in 1918 less than 900,000 tons, of which, according to Sir Arnold Wilson's documented study,* nearly one-quarter was consumed on the spot, and probably nearly as much sent to India for non-naval Governmental needs. The actual consumption of fuel oil by the Royal Navy alone (from English ports?) for the first year of the war was, according to Mr. Churchill, 800,000 tons, and correspondingly greater in subsequent years. Though he is at pains in his published works to emphasize that the oil was bought before the war in a monopoly-ridden market, it is fairly clear that the contribution of the Anglo-Persian Oil Company to the needs of the Admiralty, War Office and Air Force was a percentage of the total so small as to have no appreciable effect on the price paid for the remainder. It may be true, as indicated in the narrative of Lord Long, and from other sources, that the Admiralty were not, in fact, "squeezed" during the war by the Oil Trusts, and that the "sea of oil" on which, in the words of Lord Curzon, "the Allies floated to victory," was almost entirely provided from Dutch or American sources. It is equally true, however, that during the war, as much as £30 per ton was paid for oil fuel at Suez, and that the "sea of oil," owing to the sinking of tankers, ran almost dry, notwithstanding that a large part of the Navy, and almost the entire Merchant Marine of the world, were coal-fired.

For the past fifteen years the Government's pledges to prosecute the extraction of oil from coal have been unremittingly carried on by the Fuel Research Board, which was primarily instituted to free the Navy from servitude to foreign oil; but, notwithstanding the great sums of public money expended on, and by, the Fuel Research Board, a few hundred tons only of oil have, in the past three years, been supplied to the Admiralty.

* Mesopotamia, 1917–20, p. 48.

In 1926, not for the first time, proposals were made (and rejected) for the acquisition by important British interests of the Government holding which now stood at the figure of £5½ millions at par. The ordinary shares then stood at £6 5s. each, a figure which it is safe to say they will not again touch. World production had leapt from 50 million tons in 1913 to 150 million tons, and the shadow of over-production was creeping over the industry. At the same time, the introduction of oil into the Navy and Merchant Marine was proceeding by leaps and bounds.

The Persian Government, under the masterful guidance of Razn Shah, was busily engaged in freeing itself from every sort of foreign influence and was displaying a jealous interest in the activities both of His Majesty's Government in the Persian Gulf and of the Anglo-Persian Oil Company in South-Western Persia.

The proposals made to the British Government provided for a guaranteed supply to the Armed Forces at an agreed rate, and for permanent British control both of the Anglo-Persian and Burma and Shell Companies. They were, indeed, sponsored by leading politicians, but turned down by the Government of the day mainly owing, it is believed, to the attitude of the Labour Party, headed by Mr. Ramsay MacDonald, who regarded the Government majority share-holding in the Anglo-Persian Oil Company as a useful precedent for wholesale excursions by "the State" into industrial and commercial enterprises.

It was, in reality, the shadow without the substance of control, for the Government Directors, men (with the exception of Lord Inchcape) without commercial experience or technical knowledge, were pledged not to interfere with commercial management, and were thus unable to exercise their duties as representing the majority of the shares, whilst the minority shareholders could look in practice only to the representatives on the Anglo-Persian board of the Burma Oil Company to protect their interests.

Nemesis has come, in the shape of the cancellation of the concession on which the whole fabric rests. The hope of a mutually satisfactory solution depends not on the Palmerstonian vehemence of Foreign Office notes, nor on the bland attempts at compromise of an embarrassed Rapporteur of the Council of the League of Nations, but upon direct negotiations between the Company and the Shah. Nothing would more greatly assist the Company than a decision by His Majesty's Government to sell their shareholding on the lines previously proposed.

Quit of its entanglements in the international oil ring, the British Government will be free to foster a revival of the British coal industry, not by financial participation, or by interference with its internal management, but by reverting to a national policy which would set the coal industry, the only foundation of industrial prosperity, free to enjoy that great expansion to which the chief barriers are the entanglements of the Government, the Ministry of Mines and the Fuel Research Board, both of which departments are Trojan horses in the beleaguered camp of coal.

At the risk of being tedious, and because of the unexpected approval from many quarters of a short paragraph in " Back to the Coal Standard," I venture to quote it :

" Only a Government free of industrial entanglements and commitments is a Government free to uphold justice between industry and industry, and betwen man and man."

The ever ready, but always unfulfilled, promises of the Fuel Research Board suggest the immediate winding up of an Institution whose unjustifiable and costly optimism has encouraged the Admiralty to pursue to the last extremity a disastrous fuel policy. The Ministry of Mines, like the Fuel Research Board, has outstayed its usefulness and its welcome.

The hydrogenation of raw coal, the costly but still-born child of a flirtation, if not actually of a marriage, between the Fuel Research Board and Imperial Chemicals, Ltd., has been shown by Mr. Tizard, by myself and by

others, to be fantastically uneconomic, a fact fully appreciated by Imperial Chemicals, Ltd., which has declined to exploit the process without the use of millions of the taxpayers' money. The country, in short, is invited to purchase its freedom from the great oil companies at an extortionate price, the royalties on the process remaining in the hands of a company whose directors are almost exclusively foreign as well as being directors of the foreign oil cartels.

The real future of coal treatment lies with low-temperature carbonization which, though latterly disparaged by the Fuel Research Board, can become a great new economic industry if conducted by private enterprise. No longer, however, must the 20 gallons of tar oil obtainable from a ton of coal be regarded as the main product. Coal treatment cannot possibly supply an oil-fired Navy or Merchant Marine. British ships must revert, in some form, to British coal. Low-temperature solid fuel, whether used as smokeless fuel for domestic purposes or as the raw material of producer gas, is the main product, and should be so regarded.

An expanding demand for this fuel will make available great quantities of tar oil for conversion into lubricating and fuel oils which, in due course, may be sufficient to supply the greatly-reduced demand for oil as an economic and profitable proposition.

It is hoped, in another issue of THE ENGLISH REVIEW, to expand the consideration of this interesting and important subject, and here I will conclude by emphasising that low-temperature carbonization processes have hitherto made insufficient progress owing to international financial obstruction, to an unfortunate preference for hydrogenation, and to the carefully-fostered suggestion, amounting almost to hypnotism, that, in the modern world, fuel must be burnt in liquid rather than in solid, pulverized and gaseous forms.

Telling the Shareholders

By Sir Charles Harris, G.B.E., K.C.B.

KNOWLEDGE has outrun wisdom. The flood of scientific discoveries has made the world a single field industrially and commercially, though not politically, and small-scale concerns are being superseded by great combines, increasingly international, with a maze of interlocking finances and directorates unsuspected by the uninitiated. But no corresponding advance has been made in the control of human action at the top of these vast aggregations. *Custodes quis custodiet?* The warnings of wisdom against putting new wine into old bottles are unheeded. Methods which in the infancy of joint-stock enterprise sufficed tolerably to ensure the fidelity of directors to the interests of their shareholders, now favour the growth of a new type of financial magnate who, by abusing the confidence he knows how to inspire in his less perspicacious co-directors, becomes in fact irresponsible and, if he does not follow the trail blazed by Hatry and Kreuger, may develop anything but a single eye to his shareholders' interests. When the crash has come, all concerned in the ensuing investigations (including the High Court) accept it as axiomatic that, while no untruth is permissible, a certain economy of truth *vis-à-vis* shareholders is laudable, as the publication of undressed facts might injure them more than reticence. "Thou shalt not lie but need'st not strain officiously to make all plain." If the world of high finance is to be made safe for shareholders under the conditions of to-day, more effectual provision is needed for keeping them informed of what is going on, either individually or through representatives, watching their interests as distinct from those of the executive.* The plausible and convenient doctrine that the shareholder is by nature so wrong-headed as to clamour for present dividends without regard to the prudent writing-down of assets and

* *Cf* the shareholders' standing committee (*Aufsichtsrat*) in a German company.

accumulation of reserves, and cannot therefore be allowed to know the true position—until a crash is in sight—has proved too dangerous in practice.

But while Big Business is to be found actively, and in general quite honestly, trying out new and improved methods to meet new conditions, in the greatest business of all, our national affairs, it is otherwise. Nowhere are the bottles so old and the economy of truth so ingrained in the Board, though the vintage is now of such unexampled potency and we have just escaped disaster so narrowly, that a thorough overhaul of our methods is imperative. When our wasteful war expenditure was at its height, Sir Herbert Samuel's Committee on National Expenditure (1917–18) tackled this task and made important (though by no means revolutionary) recommendations. But, the war ended, we were taught to believe that we were richer than ever, and politicians of all parties, though differing about everything else, agreed in leaving things as they were. The Englishman, with his distrust of clear-cut logic in practical affairs, is essentially a pragmatist. "An ounce of practice is worth a ton of theory"; "the proof of the pudding's in the eating." Judged by this standard, can anything furnish a more damning indictment of our system of financial control than the history of our national and municipal expenditure for the last fourteen years? Before the American slump of 1929 reached us, we were already on the high road to ruin; yet we are still conducting parliamentary business by methods that go half-way back to Agincourt and in some respects further.

As an instance, take the hoary fiction that all money grants are made by Parliament to the Sovereign; and that lest he or his servants should misapply the money, its appropriation must be specified by an Act of Parliament under countless separate watertight compartments or "Votes." When a vote been has passed by Philip drunk ("Committee of Supply"), it must be passed over again by the same Philip sober ("Report of Supply"). A

separate series of ceremonies (" Ways and Means ") must be performed to sanction the issue from the exchequer of the money to meet the votes; and even after this has been embodied in an Act of Parliament passed through all its four stages in each House, and the Royal Assent has been ceremoniously given (in Norman French), no penny can be released for spending, without a Warrant signed by the Sovereign in person.* If, when the accounts are made up, there is an excess, of whatever amount, on any one vote, though it be covered by a saving on some kindred vote, a further Act of Parliament must be passed to validate the excess. All this flummery might be obviated by an Act passed once for all, controlling access to cash by standing orders on municipal lines, under the watchful eye of the Comptroller and Auditor General, and by dealing with any excesses on their merits after investigation and report by him.

This is only one example of the indurated mediævalism, precious to all parties alike, which makes the House of Commons sit longer than any other legislative assembly, largely occupied with constitutional ceremonies that have no longer any virtue or meaning of their own. The real reason for this, notoriously, is that even if its sessions now approach the Dormouse's never-ending tea-party, it still remains true that the more time an Opposition can force the House to spend in these futilities and in pretending to oppose what is really formal business, the less time is left to the Government for contentious legislation. And in our system, finance has become in reality formal business, because it is understood by all that, unless the House is prepared to vote No Confidence, the Government will ultimately get its votes, Consolidated Fund Acts and the rest, without the alteration of a single figure in

* Some of these fictions are not quite harmless. The continued use of the term " Crown Lands " to designate the former hereditary estates of the Sovereign, in which he ceased generations ago to have any pecuniary interest, is still leading some plain citizens, who find their " Crown " rents raised, to think that the Sovereign is making personal profit at their expense.

the Estimates as printed. The days spent in Committee of Supply are devoted not to a real examination of the Estimates, but to discussions of policy and "grievances." The whole plan of multitudinous grants, rigidly appropriated by Act of Parliament, triple locks on the exchequer, and a searching audit by an officer of the House of Commons (the C. and A.G.), backed by a parliamentary "Committee of Public Accounts" with power to send for persons and papers, furnished the sort of control most wanted in earlier days, when every M.P. hated public expenditure as meaning taxes for the voter to pay, while misappropriation of funds, not only in its technical but in its plain felonious sense, was a real danger. But to-day, with the majority of voters personally profiting by inflated public expenditure, the danger is of a different kind; not of misappropriation in either sense by the Crown or the officials—so long, at all events, as the C. and A.G. endures—but of the enactment of ruinous extravagances proposed by our ministerial dictators.

The Committee of 1917–18 reported that "the House of Commons ought not to accept a system which recognizes its authority so long as it is never exercised, and concedes the appearance of control on the condition that it is not made a reality." The Commons Committee on Procedure, 1931–32, reviewing the work of its predecessor, is under no illusions. "There was no difference of opinion (among witnesses) as to the failure of previous attempts to secure effective control by the House of Commons over public expenditure, or as to the reasons for this failure."

Two witnesses, in particular, put it crisply. Mr. Lloyd George said: "Parliament has really no control over the executive; it is a pure fiction." Mr. Ramsay Muir wrote: "There is no parliamentary country in which Parliament has less power over finance than in Britain"—and he was not referring at all to the exclusion of our Second Chamber from all voice in financial business. These strictures were not aimed at any failure to work the

system for what it is worth, such as occurred now and then under war conditions. In the last ten years the system has been seen at its best; accountancy had been improved, the audit was up to the highest standard; the Treasury had been expanded and strengthened, and had its five years' plan for progressive reductions of the Estimates by some ten millions each year; budgets provided (on paper) increased sinking-funds, and the nation was assured that prosperity was just round the corner; but somehow (while America was still forging ahead) our expenditure increased, the debt charges were not reduced, industry was sagging. Ministers still proclaimed that the real control of expenditure must and did reside in the Treasury; and told the House that, provided it voted the Estimates exactly as printed and saw to it (through the C. and A.G.) that the money was spent exactly as there provided, it had done its part. Active-minded Members turned to the more attractive task of advocating, in different groups, freer expenditure on "social services" and other admirable and popular objects, shutting their eyes to the fact that that way lay national bankruptcy. But that, if they were conscious of it at all, was the Treasury's business; their duty to their constituents and to the national standards of life seemed to be to push each his own speciality. Politics had become, as Viscount Grey said in 1930, a matter not of opposition but of competition between parties outbidding each other in the race for expenditure, each new government coming in pledged in advance to increases. Nothing in the system brought M.P.s face to face with the aggregate of our commitments or the course we were steering. The Treasury, of course, realized all this, and doubtless called the attention of Chancellors of the Exchequer to it; but such communications are "for departmental use only," not for publication; and of what may have passed between the Chancellors and their cabinet colleagues we know nothing. At last a government put into office on the strength of its claim to have

a cut-and-dried cure for unemployment, had the bad luck to meet the full blast of the American slump just as the rabbit had failed to appear from the hat, and was driven to appoint a Royal Commission on Unemployment Insurance, which took evidence in public. In January 1931, Sir Richard Hopkins laid before it (of course with the sanction of the then Chancellor) a refreshingly outspoken Treasury paper on the financial position, which the newspapers reproduced next morning. At once M.P.s and the man in the street began to sit up and take notice; and soon afterwards, a formal resolution of the House demanding action led to the appointment in March of the May Committee of outside men of business, to recommend practicable economies in public expenditure. Orthodox opinion was still that, where the Treasury had gleaned, nothing bigger than a sparrow could find a living; a Minister complacently said that he could write the Report of the Committee before it had sat; a Treasury-trained official of the highest standing, giving evidence before the Procedure Committee, put the probable limit of the May economies at under a million. The Committee produced in July a report dealing faithfully with the budgetary position and making a large number of recommendations from which the Government (reconstructed on a national basis) had no difficulty in making a selection totalling £70 millions a year. But the frank revelation to the world of our position, combined with an acute credit crisis of Continental origin, drove sterling off gold; the surgical operation had come too late. To revert for a moment to analogy, not only had the shareholders (taxpayers) been kept in the dark but the Committee (Parliament) appointed to watch their interests had failed to realize where the policy of the directors (Ministers) was leading, until finally the truth leaked out and the Board had to accept an outside committee of investigation. Even then it was noticeable that when the committee had reported, the first instinctive reaction of the Chairman of the concern to the

report was one of congratulation that it had understated the real extent of the deficiency : so strong is the tradition of reticence in the boardroom.*

The essential points to note are that seven plain citizens in four months produced results of which our whole government machinery, as at present worked, was incapable; and that the force that set the wheels in motion was the publication, to Parliament and the taxpayer, of facts which were perfectly well known in official circles. The Procedure Report speaks of the May Committee and its predecessor, the Geddes Committee of 1921, as " outside committees set up in a grave national emergency to do work which ought to have been done, and could have been done had the machinery been available, by members of the House of Commons " ; and to say this is in no wise to disparage the high quality of the outside investigators. Moreover, had work of the same character been a normal function of the House, our finances would never have got into such a mess that the shock of the publicity necessary to save our solvency would have wrecked our currency. The lesson is that the forces which now make all our party governments competitors in the mad race for records in expenditure are so powerful that only informed publicity can hold them in check. It is not enough that officials in the Treasury or elsewhere should be alive to the dangers threatening; that they should warn Ministers in confidential papers, or even that special powers should be given to the Treasury to make a departmental Minister pull in. *Nihil fit.* The Unemployment Insurance Report reveals that under an Act of 1920 (still in force) the Treasury has powers to direct the issue of Statutory Orders to keep the Insurance Fund solvent by altering the rates of the contributions paid to it and the benefits paid out; but that these powers have never been used.

* " I went to see the Chancellor and said to him: ' Is it not an awfully good thing that they are £50 millions short of the deficit ' ? We knew it was a deficit of £170 millions, not £120 millions." (*Speech at Worksop.*)

The public has been allowed to think that it was lack of parliamentary time for fresh legislation that stood in the way. Accordingly, the Royal Commission, in the most valuable of all its recommendations—the appointment of a statutory commission to guide the whole policy of insurance and assistance for the unemployed—not only empowers that commission to tender advice to the Minister at any time, but obliges him to consult the commission before making new Orders, and to communicate to Parliament the commission's reports and advice, and the action taken on them.

The financial dangers of unemployment insurance have proved themselves so special as to justify special machinery for control which is unnecessary for the ordinary run of public expenditure. But in any province of administration the facts necessary for a judgment on the business merits of expenditure cannot be ascertained by listening to speeches in an assembly of anything up to 600 persons, with no examination of witnesses and no documents but the printed Estimates. The Procedure Committee therefore renews the proposal of 1918 for a real Estimates Committee of the Commons, that set up in response to the original proposal having failed because of its narrow terms of reference and the denial to it of expert assistance. Contrast its reference: "To report what, if any, economies *consistent with the policy implied* in the Estimates, may be effected therein" with that of the May Committee: "so far as questions of policy are invoked in the expenditure under discussion, these will remain for the exclusive consideration of the Cabinet; but it will be open to the Committee to review the expenditure and to indicate the economies which might be effected if particular policies were either adopted, abandoned or modified." A definition in set terms of "policy" in administration is probably impossible; but the May formula would in practice give the Estimates Committee all that it wants if it is to do useful work: that when, in the examination of an estimate, "policy"

is invoked, the Committee without approving or disapproving the policy as such shall be at liberty to establish the connection between it and the figures in the Estimate, and report to the House in such a way that the financial consequences of the policy shall be common ground between Ministers and Members in debate. There must be something rotten in the state of Denmark if membership of the House is to disqualify for a liberty allowed to outside investigators. Mr. Churchill told the Procedure Committee that the House ought to have before it the same material as the Minister had in coming to his decision on policy; then " the Government would have to fight for its life, as every Government ought to." In Committee of Supply, Ministers delight in leading the House away from figures to policy, and challenge it to fight on that ground; but the Estimates Committee examines official witnesses with whom the defence of policy does not lie, and the Minister prefers to make his defence not under cross-examination in the witness chair, but on the floor of the House, where all the trumps are in his hand, because members are called upon to vote the Estimates before even the report of the present Estimates Committee (such as it is) reaches them. Mr. Churchill, quite logically, says the Minister must be prepared to appear before the Estimates Committee as well as in subsequent debate; but not everybody shares his delight in a battle of wits.

The Public Accounts Committee, in examining expenditure post-mortem, has before it the reports of the C. and A.G., who also assists at the examination of witnesses as well as thoroughly coaching the Chairman beforehand. This very strong combination has done most valuable work, but what the P.A.C. would effect if it sat, unaided, staring at the printed details of our meaningless national accounts, is another question. The Estimates Committee was to have had an independent Examiner of Estimates as its own guide, philosopher and friend; but this has been refused. The Committee of 1918

pointed out that this was not a job for a Treasury official; "every estimate, before presentation to Parliament, has already been submitted to the Treasury and passed. Once its sanction has been given, the function of the Treasury must rather be to meet and answer criticism than to stimulate and direct it." Nevertheless, the choice for the Committee has so far lain between a Treasury officer and nothing, placing the Committee (to say nothing of the officer) in an impossible position. The C. and A.G. cannot be made a consenting party to the estimate beforehand, without compromising his independence when he comes to deal with the expenditure; and the mentality required is entirely different from that of an auditor. In resisting the appointment of an "Examiner," it has been alleged that it would mean duplicating the audit staff of some 230 persons; but this is pure bogy. The accounts of the pay of the Army, for instance, cover tons of paper in a year; the estimate might almost be worked out on a sheet of foolscap. There is no reasonable ground for refusing the Committee the small staff required, for which there would be plenty of work all the year round.

But the future real Estimates Committee (since we have no better name) cannot confine its attention to the figures in the Estimates, which are designed only to lead up to the ceremonial of appropriation already described, without showing the cost of any branch of administration or the true financial position. Under Unemployment Insurance, for instance, the Estimates show only the Exchequer contribution to the Fund and the repayment from it to the Ministry to cover costs of administration, without mention of the contributions of employers and employed or the benefits paid out. An annual account showing the whole working of the Fund, quite separate from the account of the vote, is rendered to Parliament with a report by the C. and A.G., but there is no sort of estimate or forecast corresponding to this account. There was thus nothing to bring the state of the Fund (which

ultimately " upset the apple cart ") before the Estimates Committee; while the C. and A.G., though duly noting the amount of the debt in relation to the borrowing powers sanctioned by Parliament, did not go outside his statutory province to comment on the implied policy, nor did the Public Accounts Committee. But the May Committee, with its wider reference, reviewing the realities of our financial position and commitments, tackled the pressing problem of restoring the fund to solvency, and doubtless would have done the same without the strong lead that Sir Richard Hopkins had given in his evidence. In many other spheres, such as education, housing, pensions and other social services, the figures of the Estimates alone do not present the true position; and we want an Estimates Committee which will explore and reveal to the House the whole truth about all these forms of expenditure, and the relation of the growing total burden of our commitments to our shrinking national income. This done, the Press will not fail to give publicity. Any one who will contrast the luminous reports of the *rapporteurs* of the Finance Committees of the French Chamber and Senate with the narrow formalism to which our Accounts and Estimates Committees are confined, will realize the truth of Mr. Ramsay Muir's evidence and the leeway we have to make up before reaching the Continental standard of control. And let no one object that we shall be led to the French or American system under which a Committee may develop its own policy in opposition to the Government, or even a private member may move to increase, as well as to reduce, expenditure. Nothing in the above suggestions conflicts with our admirable rule that only a Minister of the Crown can table a proposal for expenditure.

The House has always contained, in all quarters, some economists who have not bowed the knee to that Baal on whose altars public money is burned as incense. They have common interests but have hitherto had no organization or rallying point, no influence with the

Whips and, notwithstanding marked abilities, little chance of distinction, while it has become the fashion for Ministers to taunt them with impotence. The formation, last session, of the Private Members' Economy Committee is a promise of better things, and its report, considering the limitations under which it worked, reaches a high level, showing that there is plenty of material for a strong and keen Estimates Committee on the new plan, to be welcomed by the Government and with the great force of publicity at its back. As its work began to direct the financial proceedings of the House into channels of real utility, membership of such a Committee should become a distinction and its chairmanship a sure step to advancement, attracting aspirants to ministerial rank. On these lines, notwithstanding the tendencies deplored by Viscount Grey, economy might again become a live force not only in Parliament but in the constituencies.

A Countryman's Diary

By A. G. Street (Author of "Farmer's Glory")

December 14th.

TRAVELLED up to Newcastle to-day. I have to give a lecture at Armstrong College to-morrow afternoon. The title has been chosen for me, "Animal Husbandry, the Corner Stone of British Agriculture." Well, that coincides with my professed creed all right. Livestock the corner stone—why, apart from a few architectural trimmings, it's the whole building. My hostess has put a fire in my bedroom. Such luxury only happens in the poor South Country when one is ill, very ill. Are these Northerners such a hardy race? I wonder. Still, after the long train journey I thoroughly appreciated this evidence of real hospitality.

December 15th.

This morning my host drove me on a round of visits to different Northumberland farms, a journey which was most interesting to a Wiltshireman. Most of the farm buildings were packed, literally packed, with cattle. On one farm we found a fifty-cow dairy of Ayrshire cattle, and Blue Grey beef cattle of varying sizes everywhere. There was not one loose box or shed which was uninhabited. What a contrast to my buildings at home, which are practically empty. I remarked to my host on the small size of the wheat ricks we saw, and he told me that they rarely got weather to dry the sheaves sufficiently to be able to make bigger stacks safely. Well, if anybody tells me this afternoon that wheat is the mainstay of Northumberland farming, or that it is a crop suited to the district, I shall know the answer. But they didn't. The lecture went off with hardly a dissentient note, for I was preaching the livestock policy to the converted.

December 16th.

Travelled home to-day after thanking my host and hostess for their many kindnesses. They went out of

their way to make a Wiltshire Moonraker feel at home. Arrived home about 8 p.m. to get the report that all was well. Still, I shall take a walk round first thing in the morning just to make sure.

December 17th.

Made the grand tour of the farm this morning, during which I agreed with Charlie to let the open-air herd stop down on the low pastures near home until after Xmas. I'm not sure that this was not rather weak of me. They ought to be up on the Downs now, as it's getting too soft on the lowland grass. Down turf will carry cows no matter what the weather. Still, I know that the men do not like the outfit to be a mile and a half away from home during the Xmas holiday. I hope it doesn't rain too much meanwhile.

December 19th.

Had a walk round the meadows this morning. We have had little frost this season to date, and our first meadow shows quite a stand of grass already. My "Drowner" was quite optimistic, which is rather unusual. "I be well forrad t'year," he said. "If they drattit east winds'll bide away, thee't be able to turn out in February." I hope that his prophecy will come to pass, but I would hazard a small bet that there will be less grass showing in February than at the present time. Sometimes I wonder whether, in these days, it pays to keep up the water meadows. An increasing proportion in this district have been allowed to go back during the past few years. In may cases nothing is done to them. This is bad. It is more important to be able to get the water off a meadow than to get it on. Sufficient cleaning should always be done to the drawings and outlets to prevent the water lying stagnant on the grass. Doing this only, I think, pays better than doing the full irrigation work, but I still carry on with the drowning as of old. This may be silly, but a neglected water

meadow is an eyesore, which I can't abide. Even in these days a farmer must be permitted a few extravagances of this character, or nobody would farm.

December 20th.

I don't like this Manchester idea of compulsory pasteurization of milk. Such a procedure puts a premium on stale or dirty milk, or rather takes away the present advantage which clean fresh milk has over the inferior article. As a producer-retailer of milk I can say definitely that clean, raw fresh milk beats every other variety. If we allow the value of the word FRESH to be taken from our milk, we shall be very silly indeed. British agriculture must cling like grim death to that word FRESH. It is our one remaining advantage over the imported article. Our slogan should be, " FRESH FOOD—SOMETHING THE FOREIGNER CANNOT SUPPLY." We can live up to that motto with fresh meat, fresh milk, fresh eggs, fresh vegetables, and fresh fruit.

December 24th.

My dairyman tells me that last night some of the cows got at a tin of axle grease, which was left on the tractor. They managed to get the lid off, and licked the tin out as clean as a smelt. There must have been a good ten pounds in it. However we have detected no flavour of axle grease in the milk, and the cows look none the worse for this addition to their diet. I wonder if they really liked the grease, in which case about three of the head cows would have eaten the lot, or whether it was merely curiosity, and each cow in the herd had one lick at it. Sixty odd good licks with a cow's tongue would deal with ten pounds of grease I should imagine.

December 27th.

I do wish that the medical profession would agree about this milk question. As a producer-retailer I am

willing to do anything to milk provided I am paid for doing it. I have one doctor friend who is a Grade A Tuberculin Tested enthusiast. "Safety for one penny per quart extra," he says to me. "Why, it's ridiculously cheap at the price. I cannot understand anyone buying ordinary milk." Then I have another medical friend who refuses to buy Grade A.T.T. milk for his household "I want my children to meet a T.T. germ occasionally," he says. "If they are brought up sheltered from all these dangers, they stand a much greater chance of succumbing to the first T.T. germ they meet."

December 29th.

In a story entitled "My Sunday at Home," Mr. Kipling makes a drunken navvy use these words, "Another bloomin' doctor." I feel like saying the same. I've been yarning to a young medico, who has been working in the slums of London. "Clean milk, Grade A.T.T. Milk, Certified Milk—none of these things matter," he says. "Who cares what happens to wealthy people's kids? That's the parents' worry. If they want to buy graded milks at a high price, let 'em. What I want is cheaper milk rather than cleaner, more expensive milk. My slum children want enough dirty milk, if you like, rather than not enough clean milk."

December 31st.

Looking back on 1932 is not a very pleasant amusement for a farmer, but it is not without interest. We have had a good productive season, and the British farmers have farmed rather better than usual—they have used every device of engineering and every discovery of science to try and make their farming pay; the land of our country is unaltered; at the beginning of the year the whole nation had decided that it was necessary to put our home farming industry into a more prosperous condition; the Government of the day, being possessed of a fat majority, has been trying since last January to carry the nation's wishes

into effect, and on this last day of the year one has to admit that the farming industry is much worse off than it was a year ago. If the powers that be propose to continue their efforts to make farming pay in 1933, is it too much to hope that they will break fresh ground in their search for a possible cure? What I mean is, will they consider the harmful effect on our farming of the present inadequate money system as a means of measuring the world's produce? Or is it one of the seven deadly sins even to mention that our money system may not be exactly perfect?

January 1st.

I have made my farming New Year Resolution for 1933, and I'm not sure that it isn't a sound one for a good many farmers all over the country. When I grassed this farm down I did not sow any Cocksfoot, but one three-year rotational ley which contained a lot of Cocksfoot was left down in the hope that it would come a pasture without reseeding with a permanent mixture. This is my resolution: "I will cut that ley this year on May 15th, whether there is anything there to cut or not." That date will be ten days earlier than last year's cutting, and I repeat that a good many farmers might make the same resolution to advance the cutting of their Cocksfoot leys by at least ten days. Whether they or I will have determination or not to keep this resolution, when the time comes, is a doubtful matter.

January 4th.

I went out to try to get a hare this morning. By walking carefully up wind I shot one although there's not much cover on this farm now. These open-air cows are what my dairyman calls "Scroungers"; during the winter they certainly do trim off everything within reach. Still, you never find them standing about, huddled up, and looking cold and miserable, like cows which spend the nights in a warm stable. Also they can be turned out to

early water-meadow grass in the Spring with no ill-effects. I hate to think of the cows we used to kill each Spring in this county, when we turned them out to meadow after a winter indoors. In addition to this improvement in health and stamina, the improvement in cleanliness is enormous. Gone are those cows with a plaster of manure all down one side.

January 9th.

I find that the feeding of about 3 lbs. of dry sugar beet pulp per head is sound policy for an open-air herd in winter time. This dried pulp does not look to be worth the money on analysis in comparison with other feeding stuffs, but in actual practice it is well worth it. It fills 'em up. I have found nothing to equal it for this purpose. What the animal nutrition experts will say to this, I don't know, but this opinion is the result of three winters' experience.

January 14th.

I have been inveigled up into Norfolk, and I was warned that I should be lucky if I got home with a whole skin. However, to-day I spoke in favour of a livestock policy to a large company of Norfolk farmers. We had a lively discussion afterwards, from which I learnt two things. One was that the livestock industry in Norfolk is increasing and that it now forms a large proportion of their farming. One big farmer admitted to me in conversation that he fed to stock more grain than he grew. The other point was that the Norfolk farmer values the sugar beet subsidy more than the Wheat Quota, because the former crop works in admirably with the bulk of his animal husbandry, which forms some 68 per cent. of the farming of the Eastern Counties.

The Grave Deficiencies of the Army

By Captain Liddell Hart

THE past year has witnessed a renaissance of leadership and of characteristically British methods on the training grounds of the British Army. Initiative and improvization, in exercises of a colonial war type, have replaced the deliberate and machine-like tactics that we have so long imitated from Continental models. If the new mobility of thought and action reached its peak in the manœuvres of the Tank Brigade on Salisbury Plain, it was pursued with equal zeal and zest in the infantry schemes around Aldershot, where we saw the budding of new light infantry tactics adapted to modern war conditions and designed to challenge, by skill and craft, the present battlefield supremacy of the machine-gun.

But while the training of the Army has taken a marked step forward in 1932, the state of its equipment gives cause for grave disquiet.

To free the mind of the soldier from the shackles of trench-warfare is a real achievement, but its practical value is seriously diminished so long as his body labours under the material conditions that produced the trench stalemate eighteen years ago—and would do so again if the Army had to take the field as it is to-day.

There is scarcely a thoughtful soldier to-day, certainly among those who had front-line experience in the last war, who does not privily confess that our five existing divisions are hardly better than " suicide clubs." How can it be otherwise when the scale of infantry stopping power—of machine-guns and light automatics—has increased everywhere, while the scale of infantry supporting power—of guns and tanks—has greatly decreased since 1918?

The number of guns in a division is barely sufficient to provide an effective bombardment or barrage on the

frontage of one infantry battalion. And there are still twelve such battalions in a division.

I err, indeed, on the side of optimism in using the term "effective." For in an exercise where the whole artillery of the 2nd Division was used to support merely one Guards' battalion, and then, after an interval, another battalion, against opponents who for once had actually wired, entrenched, and camouflaged their defences, the umpires were compelled to adjudge that each of these attacks would have collapsed in face of the defenders' machine-guns. And it was the only reasonable decision, in the circumstances.

If artillery support is so deficient, is there any other form of fire-power that can make up the deficiency? What about the machine-guns of the attackers? The answer is that the value of this weapon in attack is very inferior to what it is in defence, unless it is mounted in a mobile "pill-box." Normally, it is still carried in a slow and vulnerable horsed-limber and man-handled into action, so that its support to advancing troops is given at long range by indirect fire.

Few fighting soldiers regarded such indirect fire as of much help in the last war, save on rare occasions. Fewer still have any confidence in such help in the open warfare for which the Army is being trained.

It would be more hopeful if the machine-gun could be rushed forward in little tracked machines, themselves protected against bullets, to pour a stream of bullets at close range on to any hostile machine-gun that was checking the infantry. But at present only two of our fifteen regular brigades are provided, even partially, with these armoured machine-gun carriers. And there are none in the forty-two infantry brigades of the Territorial Army.

But, it may be asked, do not tanks take the place of guns? Here the answer is that we have only four battalions of tanks in the whole Army, at home and overseas. They could not go very far to help the

132 battalions of infantry that we maintain! Nor to carry out the decisive manœuvres against the enemy's rear that were the rôle of cavalry in the past, before cavalry were hamstrung by their modern vulnerability. And, in actual fact, if an emergency came to-morrow, we could only make up a single battalion to take the field at once. Even that would have to go overseas with its medium tanks of an obsolete eight-year-old model.

It would be not only dishonest, but a disservice to the country, to gloss over these facts, uncomfortable as they may be.

How can we explain them? The public, which pays nearly £40,000,000 a year to maintain an efficient Army, may naturally wonder how such a strange deficiency should exist fourteen years after the hardest experience, and costliest lesson, we have ever had.

The answer might be put in a single word—"inertia." It is not so much the inertia of individuals in authority, as the inertia of a system. Anyone who has ever been in the War Office will know what is meant without explanation. Against the immense inertia of the machinery, with all its interlocking cogs, progressive individuals are apt to struggle in vain, until they grow tired of the effort.

It is all the worse when, as to-day, the only change that can suffice is an extensive one—a drastic recasting of the Army and redistribution of the arms. Such a change has complications. Each tends to give pause to the would-be reformer and an excuse to those who prefer standing still.

Beyond the checks inherent in the machinery itself, there is the Cardwell system, by which the home units are used to feed the overseas garrisons with drafts of men. This check has long been aggravated by the natural fact that the ripples of modernism are slowest in reaching the circumference of Empire, and changing the ideas there.

Another great complication is lack of money, inevitably aggravated by the progressive reductions of the Army allotment, and unfortunately also by the soldier's proverbial reluctance to cut his coat according to his cloth. But even if and when it is realized that money can only be found for new material by disposing of the old, two fresh checks come into action.

One is the opposition of vested interests and sentiments, necessarily affected by the conversion or cutting down of units that have a long tradition. They are as ready to fight to the last ditch in the budget as on the battlefield. Another is the fear that what is saved in this way will be taken away by greedy politicians. It is, unfortunately, a rare soldier who views his political chiefs except as ogres, or regards them as reasonable, and capable of the give and take which a politician, by his very calling, continually has to show.

This year, however, a new excuse for inaction has become predominant. It falls from so many lips that it sounds almost like a community chorus—and one looks for the song-leader. The burden of it is that the British Army must continue to be burdened with obsolete gear because its job is to carry "the white man's burden." That it is not really an Army, but merely a body of policemen. Surely, however, such a declaration should come, if at all, from the Government, rather than from the General Staff.

Even if this view was accepted, two tests suffice to show the unsuitability of the existing organization. First, a smaller number of units, if they were endowed with mobility, would mean that more could actually be concentrated at the scene of any trouble—and before that trouble grew to dangerous proportions. To quench such outbreaks we want a "motor fire brigade" rather than a string of footmen with pails.

Secondly, the majority of the men who are drawn, often by hunger-pressure, into the ranks of our present infantry have neither the intelligence nor the education

to be suitable policemen. Ten men recruited from a better class of the community, and provided with mechanized means of movement, would have more value for Imperial police work than thirty of the average present-day infantry.

Moreover, the "police" argument for keeping the Army unchanged would only be justifiable if the Government had been frankly warned that, as an Army, ours is unfit for war. Has this been done?

Statesmen are bound to rely on their military advisers, and are justified in assuming that, out of the money provided, the actual number of men maintained are adequately equipped. It is for their advisers to make it clear that to send our Army in its present state on an expedition against an enemy with modern firearms would mean vain slaughter and speedy stalemate. Even against tribesmen, is it wise policy to employ troops with such a slight margin of weapon superiority that it can be outweighed by the tribesman's local knowledge and natural aptitude?

I do not presume to pass judgment on soldiers in power (limited), who have to contend with the paralysing inertia of a system. I do not criticize persons, but only a state of affairs. It is they, however, who will have to answer for deficiencies at the bar of history.

The Critics

II. The Log-roller

By Humbert Wolfe

Consider next the Johnson de nos jours,
by nature, or by choice, or both a boor,
who finds in the great doctor ample warrant
for being both to taste and sense abhorrent,
like a mad engine-driver with a vision
of life and letters as one long collision.
Poetry for him is not the secret flame
that like Jehovah has no spoken name,
but what the priests breathe in the Holy of Holies
where by the unseen altar the unknown soul is.
It is no call like that which soft and mixed
with cow-bells ascending in the hills by Sixte
the cow-herd hears, and leaves his beasts to follow
pastures that other bells, not moulded, hallow.
O no ! he clearly understands that verse
does not appeal to wholesale clothiers,
and nothing but the pornographic can
(or should) distract the tired business man,
while these two things impressed his nascent mind most,
first that in life the devil takes the hindmost,
and secondly that to avoid the devil
you must be both dishonest and uncivil.
He realizes therefore that to palter
with verse is for himself to knot a halter,
unless he uses the souls of those he slings
as stepping-stones to better paying things,
the hired bravo stabbling with a sneer
beauty and love as steps in his career.
Hot-headed in words as in his deeds cold-hearted
his progress is not casual but charted.
And first, since next to truth the greatest tie
is communal devotion to a lie,
and since the jungle instinct to destroy
is all that man remembers of the boy
he founds, to consummate his own desires,

a corporation of destructive liars.
Thus reinforced without excuse of passion,
like a French milliner that sets the fashion,
he settles in advance what length of skirt
how trailed, should be adjudged to pick up dirt,
what shades or colours in what combination
should make or mar the wearer's reputation,
and without caring how the fashion's worn
first makes the poet and then proves he's born.
But howsoever valiantly he speak
he always keeps his thunder for the weak,
for careful in his choice of friends he is
still more adroit in choosing enemies,
and those (be sure) he singles for attack
are men he knows that cannot answer back,
who have for epitaph above their head
" we died unknown, dishonoured, and unread."
Pretending to direct, his ear is found
nailed by its furry edges to the ground,
and, though he sets the fashion, don't forget
he asks of fashion what fashion he should set.
When pastoral verse appears to be in season
he calls for Wordsworth, or he'll know the reason
and, swilling in " The Mermaid " simply itches
to read of ploughmen drinking milk in ditches,
or if he judges in a world gone rogue
that breaking up the furniture's the vogue,
leaving the quiet osier and the withy
he buys a hammer at the nearest smithy
and lisping in the nearest thing to trebles
that he can manage whimpers " Up the rebels,"
while in the interests of clearer sight
bulb after bulb, he smashes up the light.
In youth a climber, in his later years
sworn adversary to fresh mountaineers,
standing on verse's peak of Darien
cries to his fellow-critics " Gentlemen,
name me my like " and all that rocky region
echoes in chorus : " Sir, his name is legion."

"Debts"

By Viscount Knebworth

THE crisis through which the world is passing may or may not be of a purely temporary character. Civilizations have disappeared from the face of the earth before now, but the problem with which we are immediately confronted is that of whether there is an inherent fault in Western civilization, or whether our present difficulties are due to a specific—but not necessarily permanent—cause. The plea that capitalism has failed does not bear close examination. There is not the smallest doubt that capitalism has succeeded in raising the standard of life of a vast number of people to heights undreamt of even fifty years ago. There is not a living soul to-day, man or woman above the age of fifty, who, in spite of prevalent unemployment and great poverty in many places, can deny that there has been an enormous improvement in the material conditions of the people during the period of their lifetime. Even the unemployed slum-dweller, living in what must seem to all the most pitiful and degrading distress, has more security and greater resources to call on than were ever dreamt of by his father. This may be a justification of capitalism, but it is not an excuse for the present social and economic distress. The state of affairs in which the world finds itself at the beginning of 1933 may be traced quite definitely to certain specific and remediable causes. It is not proposed in this article to deal with more than one of these; but it is certain that, unless these causes are faced up to and understood, the future is profoundly dark.

If there is anything to be said for war, it is that such a period of national and world strain enables men's minds to be diverted entirely from the drear business of bread and butter. This, ever so now and then, is salutary. But the effect of men taking their minds from the business of bread and butter to some stupendous, concentrated national effort, means, and has always

meant, that whatever the social, ethical and spiritual advantages, the bread and butter of their posterity is jeopardized. In times of national and world strain, mankind will mortgage anything to carry on, and the asset which it can and does most readily mortgage is the future.

The following table illustrates what the process has been in this country:—

—	(*a*) Budget Expenditure.	(*b*) National Income (Est.).	(*c*) Total Debt Charge.	(*d*) Percentage of (*c*) to (*a*).	(*e*) Percentage of (*c*) to (*b*).
1913 -	197·5	2,300	24·5	12·4	1
1931 -	851·1	3,500	322	37·8	9·2
Percentage increase	332	52·2	1,214	—	—

The outstanding feature of these figures is that, whereas the estimated national income has increased only 52·2 per cent. since 1913, the charge on that income for debt has increased by 1,214 per cent. There is thus a tremendous alteration and dislocation in the ratio of income to debt.

The figures for this country do not, of course, represent a fair picture of the situation in every country, but they do represent a picture, and it can be said with confidence that the alteration in the ratio of world income to world debt has been stupendous.

The possible future Democratic Chairman of the United States Senate Finance Committee, Mr. Pat Harrison, made an interesting comment on this situation the other day. "In the event of complete cancellation (of War Debts) to-day," he said, "the remaining debts of the United States, Great Britain, France and Italy would be about 68,000,000,000 dollars. Deducting the total pre-war debt to get some idea of the remaining war heritage, we

should have 54,000,000,000 dollars, divided among the nations as follows: Germany would escape with possibly 1 per cent. of the remaining burden of the war; France, 8 per cent.; Italy, 2 per cent.; United States, 39 per cent.; and Great Britain, 50 per cent. When we consider the relative economic conditions of these countries, the result is fantastic."

It is false to imagine that the world debt, since it is internal, is also the world wealth; or that the national debt, in so far as it is internal, is also the national wealth. This would be so only if this debt were represented by the existence of corresponding assets. In point of fact, it is not. Where money is borrowed for the destruction of wealth, the debt thus created inevitably leaves posterity with a liability, and only a liability. A simple, if rather primitive example, will illustrate the meaning and the effect of debt incidence upon a community.

Supposing twelve men found themselves upon an island on which it was possible to grow exactly sufficient food to maintain them, and supposing, contrary to the laws of agriculture, it were possible to provide this food from day to day. These twelve men might then strike a bargain whereby six of them agreed to build houses for the community, while the other six agreed to feed the builders during the process of construction. At the end of a month, the houses were completed; but, during the night, an elephant, of whose existence none of the twelve men had been aware, emerged from the jungle and casually leant against the newly-erected village, razing the whole place to the ground.

Next morning, when it was possible to take stock of the situation, the farmers said to the builders: "We have fed you for a month, during which time you had contracted to provide houses for us. The month is now up; there are no houses. You are in debt to us for a month's food." The builders, though they pleaded the force of circumstances, had to admit that this was a fair statement of the case. Since the farmers were unwilling to let them

off their obligation, they were, therefore, compelled to work for the next month at rebuilding the houses on half rations, and, at the end of two months, they were still in debt for half a month's food. Incidentally, if the farmers continue to grow food as before, there is also the paradox of need and plenty. This is not an unfair picture of the situation which has been created in the world by the war. The war resulted in exactly the same destruction of wealth and capital as did the elephant who wandered from the jungle. As a result, one section of the world—and this section cannot be measured in terms of nations or classes or any division known to mankind—is in debt to the other section for the number of months' food eaten by it while engaged upon the creation of nothing.

Further, there is only a difference of degree, and not one of principle, in the destruction of capital and the sterilization of capital. Supposing a large sum of money were to be borrowed and spent for the purposes of covering the whole of the Eastern Counties with concrete, the net result of this undertaking would not be very different from the net result of the operations undertaken to finance the war. A factory organized to produce shells cannot pay the interest on the capital sunk in it in times of peace. A vast area of concrete cannot earn the interest on the capital employed in its creation under any circumstances. Similarly, there is only a difference of degree between the erection of a town hall and the erection of a vast area of concrete. Not many town halls can earn the interest on their cost.

The process inaugurated during the war of borrowing vast sums of money for unprofitable purposes has been continued, though to an admittedly less extent, ever since the war, and the result is the creation of debt without the creation of corresponding assets. Over-capitalization and the use of capital for day-to-day expenditure are, in effect, the same. Wealth is destroyed and labour wasted. As a consequence, a large section of the world is employed

to-day, instead of earning its own living, in earning the wages of the men who have been employed for years in the creation of unprofitable assets. A section of each man's income is devoted to the service of a past debt, and it is the consequent restriction in real purchasing power which has created the paradox of want and plenty and thrown up over the surface of the world a vast army of unemployed.

To return to the figures quoted above, the 1913 ratio of debt to national income is not necessarily the perfect ratio. Indeed, it is impossible at any given time to say what such a ratio should be. But it is certain that the 1931 ratio is fantastic and intolerable. The essential problem with which the world is confronted is the readjustment of this ratio to such proportions as make it possible for men both to earn their own living and to liquidate their obligations to the past. This is the main problem of our time, and there are not apparently two opinions about it. Where, however, there is a difference of opinion, it is as to the best way of readjusting the ratio. When an individual runs into debt, he has either to increase his income or reduce his expenses. So with the world, the ratio may be readjusted either by an increase in income or a cancellation of debt. In the long run, both methods have the same effect, the lender is penalized. The man who has worked, to return to the old analogy, to feed his fellow men while he built homes for the elephant to knock down, has to face the fact that his work, like his fellow-men's, has been given in vain. He loses the work (or its token), the money he has lent. He is penalized, whether by State repudiation or by a sharp rise in values. The man who lent a pound to the Government in 1906 at 3 per cent. received no more in interest when the cost of living rose 100 per cent. than if values had remained constant and the Government had paid him only 1½ per cent. The issue is not one of principle or ultimate effect. These are the same in either case. The only question that arises is one of method and one of time.

In practice, the evil effects of repudiation are so great that this method of readjusting the ratio is advisedly discarded. A rise in values is a gradual process; repudiation is catastrophic. What has actually happened in the past is that a period of financial strain and social unrest has invariably been followed by such progress in science and invention and such increase in business and commercial activity, and perhaps by the discovery of new gold mines, that with the consequent rise in prices, the incidence of debt bequeathed by a previous generation has seemed comparatively insignificant. The National Debt, of 1814, which seemed appalling to the Englishman looking upon it in the terms of the values then obtaining, appeared a mere trifle to his great-grandchildren in terms of the values obtaining in 1914. But if this process has been going on at all in the world since the war, it has not been going on nearly fast enough. The debt created during the war and since is on a scale without parallel in history, and the rise in prices has at no time been sufficient adequately to readjust the ratio. There have been nearly a million unemployed in England for the past twelve years, and for the past two years there has indeed been so catastrophic a fall in values that that number has been more than doubled.

It is agreed, then, that the main problem is the readjustment of the debt-income ratio, and it is generally accepted that mere cancellation of debt (that is, internal debt as opposed to inter-State debt) is undesirable. The problem resolves itself into the stimulation of commercial and industrial activity, resulting in a rise in prices and an increase in world and/or national income.

The best way of achieving this end is a normal way, involving no sudden change in values and no precipitated loss of confidence, and the best weapon available is the reduction of taxation. Taxation can only be reduced by Government economy, and the question which presents itself at the moment is that of whether any economy can be sufficiently great to produce an effective reduction in taxation and a resulting activity in business.

The following Table shows the total budget expenditure for the years 1913 and 1931, together with the amount spent on the Services, debt and the rest :—

—	Budget Total.	Amount and Percentage on Services.	Amount and Percentage on Debt.	Amount and Percentage on Rest.
1913 - -	197·5	77 39%	24·5 12·4%	96 48·6%
1931 - -	851·1	107 12·6%	322 37·8%	422 49·6%
Percentage increase	330%	38·9%	1,214%	340%

Even after making allowance for the recent conversion operations, the main feature of the budget position is the increased relation of debt charge to total expenditure. From being 12·4 per cent. of the budget total in 1913, this had risen to 37·8 per cent in 1931, from 24½ millions to 322 millions, which is an increase, as has been pointed out, of over 1,200 per cent. The fighting Services have been considerably reduced, and their cost represented in 1931 only 12½ per cent. of the budget total as against 39 per cent. in 1913. Expenditure on other accounts has admittedly risen from 96 to 422 millions, about 340 per cent., but even this, compared to the increase in debt charge, is small. Moreover, it includes a large sum for war and other pensions, a liability as binding on the State as that for the service of debt. The field for economy may be less limited than some politicians believe, but it is at least doubtful whether, short of the abolition of whole Ministries and departments, such savings can be effected as would enable taxation to be reduced materially.

Possibly, if the policy of reducing costs, of State economy and the reduction of taxation had been embarked upon eight years ago and consistently pursued by Governments ever since, it might even now have been

beginning to reap the fruits of success. But in 1929, Mr. Baldwin's slogan of "Safety First" was rejected by the country with scorn and contumely. Indeed, ever since the war there has been such a feeling prevalent in the world, and notably in the United States of America, that peace-time was a good time and that all which lay ahead was but a period of ever-widening prosperity, that the whole trend of democratic government has been in the opposite direction. Rather than economy and an attempt to live within our means, a scaling down of costs and reduction in taxation, there has been pursued in nearly every country a policy of further borrowing, of inflated costs and of increasing taxation. No sort of attempt has been made to shoulder the immense liability bequeathed to us by the war, and the whole trend of politics and local government since 1918 has been directed rather to aggravating than to improving the position.

It is at least doubtful if the right policy had been pursued even from the beginning whether the burden was not by its very nature too great for the world to endure. At the present time it seems certain that recovery along these lines is not eventually possible; for, added to the hardship which economy must inevitably involve in its earlier stages, there is the increasing cost to be borne by the community of the ever-growing volume of unemployment.

At the beginning of the war, those who were in a position to speak with authority on such matters, declared not once, but many times, that the war could not last for long for the simple reason that it could not be financed for long. Technically, this view was a perfectly sound one, for it was not in the minds of people in those days that such methods would have been employed, as were actually employed, to finance operations. Taking the longer view, these prophets were not so far wrong. It was not, in fact, possible for mankind to finance the war. But mankind did it, and is still paying and finding it increasingly impossible to pay for that stupendous effort.

It must seem to many that the present policy of consolidating by economy what might be called the balance-sheet position of the State is, at a moment of financial crisis, fundamentally sound. This policy has been ruthlessly pursued, and may have to be pursued still more ruthlessly, to avoid the threat of bankruptcy which inevitably still overhangs the country. But it does seem that this policy can only be a short-term policy. Inevitably, taking the longer view, it is going to be necessary for the world to agree that the existing ratio of debt to income is intolerable, that the ordinary prudent methods of finance and government are not strong enough to correct it, and that such necessary correction can only be brought about by a concerted policy having as its object the artificial raising of prices. In this way, and in this way alone, it must seem to the disinterested observer that the ratio can in the end be adjusted. Repudiation and inflation are both words of which responsible persons are rightly afraid. But unless the Governments of the principal countries concerned can agree that only by some expansionist arrangement can the ratio be adjusted, it seems to be only a matter of time before all debtors must default and drag their creditors into bankruptcy with them. An adjustment of this ratio is the prime need of our times, and it is being increasingly brought home, even to the British and American people, that such an adjustment can only be effected by methods hitherto regarded as unjustifiable in international and financial relations. It is sincerely to be hoped that some appreciation of this problem and some agreement as to its settlement may be reached at the forthcoming World Economic Conference; for if, at the conclusion of that Conference, these things were to remain as they are to-day, it seems inevitable that the time must soon be reached when those in work can no longer support and feed those not in work, and the result must be the collapse of Western civilization.

A Diehard

By G. C. Heseltine

HE was a little man, both short and thin, with a pinched, sharp face and very tired eyes that were slightly bloodshot and sagged. His complexion was worse than pale; it was weak and deathly. He worked hard, whether watched or not, and to finish the job as quickly and cheaply as possible for me, he carried on for extra time with complete indifference. He was otherwise distinguished from the generality of the genus plumber only in that he turned up with all his tools, and without a mate. Contrary, no doubt, to the ethics of modern labour, he allowed me to trespass on the very close preserves of his trade and usurp the functions of a mate. That is, he allowed me to hand him spanners, grips, footprints, blow-lamp, to hold pipes, heat his soldering-iron, and generally serve him as all great masters like to be served in every art. That I also played Boswell to him was no part of the arrangement, and he is not to blame. He was so far from garrulous that we might have passed the whole day without a word—except that I should probably have choked under the strain before lunch. He talked because I goaded him to talk, but since my part in the conversation was otherwise negligible, I record only his side of it.

After surveying the bathroom with a slow meditative eye, he gave vent to his contempt for the work of the post-war jerry-plumber, by expressing a fervent desire to rub it out and draw it again. It was, he justly observed, more like an organ-loft than a bathroom, with that riotous profusion of pipes. I passed him the footprints, which he seized in a determined manner, and he began his assault.

The chap who had done that, he affirmed, knew nothing about plumbing, nor anything else apparently, since he had not even used his spanner properly. Everybody ought to learn at least that at school. If the

youngsters were taught to use a few tools at school, instead of so much algebra and Euclid, they might end by knowing something. I pleaded that perhaps algebra and Euclid were taught as a sort of mental exercise to train the children to use their brains. He countered by saying that if that were so, it was useless, because it failed; and the use of tools would serve the same purpose because you cannot use tools properly without using your brains.

And then, he went on, there are a lot more things children ought to be taught, and are not taught, at school. One of them was manners. Where he lived the streets were full of undisciplined young hooligans after school hours. He himself had got eight, he told me, but he had looked after them and they were as well-behaved, and a good deal better, than most of those he knew. But only because they had learned at home what they were not taught at school. He and "the missus" had far too much to do without doing what ought to be the first job of the school teacher.

As it was, he added, his eldest had been a bit of a problem and inclined to get out of hand, but he was better since he had been to Greenwich. The Navy, he said decisively, was the best school he knew. When the boy comes home now he is smart and clean and civil to everybody. When spoken to he always jumps to his feet.

He did this, it appears, when his father spoke to him, which more than satisfied the plumber's standard of manners, and, indeed, embarrassed him; so he told the lad there was no need to do that at home, for, after all, he explained to me, he was nobody in particular and was quite satisfied with the lad without that. Still, he observed, it showed he was being well trained, and on the right lines. And another good thing, he added, was that they had made the lad a fine swimmer; every child ought to be taught to swim as early as possible at school —very good exercise and much more useful than Swedish drill and that sort of thing. Then, after a pause, he

voiced the provocative afterthought that it was a jolly good job he had learned to swim or he would not be plumbing now.

My inquiry did not get us beyond the fact that he was in a battle-cruiser that was sunk somewhere north of the Orkneys early in the war. I pressed for more. He was in the stokehold, he explained, that is as near to the bottom of the ship as you can get. "Join the Navy and see the World," he added with mild irony, quoting the poster.

Twice the ship was hit. Once in the engine-room over his stokehold. Of course, down there in the stokehold they knew by the bump and the list that they were hit somewhere, but they did not know where. No messages or orders came down, so the chief stoker went to the speaking-tube to ask the engine-room for news and instructions. When the chief pulled the plug out of the speaking-tube he got a spurt of water in his face that nearly knocked him over. They knew something now at least—the engine-room was flooded.

Then the ship began to list heavily to port. So the chief stoker (who, I was assured, ought to have had the V.C. if anybody did, though I never learned exactly why) —a damned brave chap—flooded the starboard bulkheads at once without orders, to keep her on an even keel for a bit longer. He certainly saved many lives by doing that, enabling those who were launching rafts and boats to get clear. But still nobody in that stokehold knew what was going on. In the absence of news and orders, they could only do one thing—stay at their posts and continue to stoke.

Presently the chief sent a boy up to find out what was going on. The boy went up, and the rest waited expectantly. But the boy never came back. So the chief sent up a stoker, and he never came back. Yet another was sent, and another, until there were only three, the chief, my plumber, and one other. None had returned. So the chief stoker approached my friend

solemnly, and asked him, if he were sent up to find out what was on, would he promise, on his honour, to come back whatever happened.

Of course, he explained, he promised and went. When he approached the top of the hatchway he met a petty officer who greeted him with "Hullo! Where are you off to? Same tale as the others? Going to see what's happened?" He had been put there to stop stokers coming up and abandoning the fires—after most of them had been allowed to do so. However, he let the stoker go when he said he had promised to return. But as soon as the stoker got his head out at the top he saw that the "nine-two" gun turrets were awash. That was enough for him. He scurried back to tell the chief stoker, and had no sooner told him, than somebody, apparently the petty officer, shouted down the order, "Abandon ship! Every man for himself!" and then added, "Draw all fires!"

Which meant, my friend explained, every man for himself except the stokers still in the stokehold. They had "sweated like 'ell" drawing the fires that served the flooded engine-room, but they had kept the other fires going so that the winches could be worked to get the boats and rafts away. I could not see the point of drawing the rest of the fires when the ship was being abandoned, but evidently it was to prevent the ship being blown up before the crew was safely off. So, the lights having gone, the three of them laboured in that inferno, by the glow of the fires they were drawing, all but naked and utterly exhausted, with the sea swilling ominously down the hatchway. The job done, they rushed and struggled up against the water, my friend pausing halfway at the wash-house to get the ash and sweat and sea-water out of eyes which was blinding him so that he could not see, though he could easily feel, his way up the hatchway. When he got to the top he saw that the "nine-two's" had almost disappeared under water, and as he was looking round for a raft or a boat

he saw a chap "hollerin' like a kid, because he'd left his money in a bag in his locker and daren't go down for it." A petty officer who was roaring with laughter at him, went down for him. Seeing that all the rafts and boats were gone, and very few men left on board, my friend "jumped into the Ditch and swam clear." As he did so he looked back and saw the skipper standing alone on the bridge. Soon, he saw, swimming towards him, the chap with his bag of money, holding it up with one hand and trying to keep afloat with the other.

It was about twenty minutes before they were picked up by a destroyer, and none too soon, with the sea fairly rough and the temperature no higher than it should be in February. His life-jacket, which orders required to be at hand when he was on watch, had been, as usual, somewhere else. So he had not much left when they picked him up. They then went to the ship, took the skipper off the bridge, and watched the last of her disappear in about three minutes. Only eleven men were lost out of nine hundred.

He had "the usual ten days' shore leave" and then went straight into the Battle of Jutland.

I asked him how long he had been out of the Navy Did he leave at the end of the war? He said that he did, though he had four years in hospital, on another count, after the war before he became a civilian. And then, I supposed, he started plumbing again? But not, he told me, until he had been out of work for eighteen months, during which time he had used up the few pounds he had saved—his pension had ceased the day he left hospital. Unable to get work or money anywhere, he tried "selling stuff," but that did not last long. When he and his wife had entirely run out of money, and sold everything saleable, they "stuck it for a few days," and then he sold his medals. He told me this without the slightest resentment or trace of grouch in his voice, rather shamefacedly. And then he told me, with the light of a pleasant recollection in his eyes, with the few

bob the whole family had a real good dinner, the best meal they had had for weeks.

"One of these days," he said, still feeling a bit conscience-stricken about those medals, "I'll send up and buy another lot—but then," he added reflectively, "I don't know as it matters much—it's all on my parchment."

The Restoration of Property

II.—The Handicap against Restoration

By Hilaire Belloc

AS we approach the problem of the restoration of property there are two main principles to be kept in mind :—

(i) The first is that *any effort to restore the institution of property* (that is, re-establish a good distribution of property in a proletarian society such as ours has become) *can* only be successful through a deliberate reversal of *economic tendencies.*

(ii) The second is that *our effort will fail unless it be accompanied by regulations making for the preservation of private property when it shall have been restored.*

Both these principles are essential to success. As I have said, without a sufficient desire for property present in a sufficient number of people, the attempt cannot succeed anyhow. But however strong that desire, and however widespread, the effort will also fail if these two principles are not concurrently observed.

I have compared the restoration of private property in a society such as ours, where it has been ruined, to the re-afforestation of land.

Another parallel is the reclamation of swamp. Natural tendencies have made a piece of land marshy. It lies low, the rainfall is heavy, the soil impervious and sticky. To reclaim it you must act *against* natural tendency. You must drain, cut channels, embank; and having done so, you must see to it that the banks, drains and channels shall be maintained against the constant effort of nature to drag the land back to swamp again.

So it is with property. Property as a general social institution, well-divided property, having disappeared and Capitalism having taken its place, you cannot reverse the process without acting *against* natural economic tendencies. Well-divided property will not

spring up of itself in a Capitalist society. It must be artificially fostered. Communism will spring up of itself and flourish in a Capitalist society, for it is a product of Capitalist thought and moves along the same lines as Capitalism. But well-divided property will not so arise.

Moreover, once restored, Property must be constantly sustained or it will lapse again into Capitalism.

Private property acting unchecked, that is, in the absence of all safeguards for the preservation of the small man's independence, tends inevitably to an ultimate control of the means of production by a few; that is, in economics, to Capitalism, and therefore in politics to plutocracy.

At this point I must introduce a digression to meet two objections which will be made by any socialist reader upon his hearing this admission (as he would call it) on my part. For whether a man be a socialist enthusiastically (because he believes communal property to be the most just economic arrangement) or whether he be a socialist reluctantly (because he believes that communal control, though odious, is the lesser of two evils and the only alternative to control by a few rich men), he takes it for granted that industrial capitalism was ultimately *inevitable* wherever private property was a social institution.

On reading, I say, this which he would call an "admission" on our side, that private property unchecked by special preservative conditions lapses into Capitalism and all its evils, he may consider that since the defenders of property are agreed that it must be so, further discussion is a waste of time. Or he may be one of those that say, "Perhaps private property could have been restored under simpler conditions, but in the modern State, with its use of machinery and its conquest of space, it is too late to make the attempt."

Both these positions are erroneous.

The first, which is the commonest and which we hear

on every side from socialists all around us, is based upon bad history pressed into the service of bad philosophy. It is not true that Capitalism arose inevitably from the necessary development of economic institutions under the doctrine of private property. Capitalism only arose *after* the safeguards guaranteeing well-distributed private property had been deliberately broken down by an evil will insufficiently resisted. It was not Capitalism that came first and gradually dissolved the institution of well-divided property; it was the conditions under which alone well-divided property could survive, and had survived for centuries, which were first destroyed. Only then, after their destruction, was the field free for the growth of plutocracy in politics and Capitalism in the economic structure of the State. There was something of a proletariat before the great revolution took place. There were landless men, many of them, by the end of the Middle Ages, and there were men working at transport and exchange, and in the crafts, who had not enough property to count. But the point is that they did not give their tone to the State. They were not so numerous as to mark the character of society until the religious revolution of the sixteenth century had destroyed the ancient walls which had protected the freedom of the human city.

The first great blow was the destruction of the guilds, coupled with the seizure of a collegiate property in all countries transformed by the Reformation, especially England. This was followed up by a series of positive enactments in England, of which that one called the "Statute of Frauds" was perhaps the chief instrument in destroying the yeomanry. The great efflorescence of Capitalism came *after* all that bad work had been done, and was only made possible by that bad work.

Nor was it true that machinery in its various forms, including the modern conquest of space, rapidity of transport in material things and ideas, was at the root of this modern evil. The machine does not control the mind

of man, though it affects the mind of man; it is that mind of man that can and should control the machine. Moreover, it is not true that the machine is necessarily a centralizer of effort; in some cases it is, in others it is not. The railway worked in favour of those who desired to centralize effort for their own advantage; it added a new support for an already founded capitalist system. But the internal combustion engine works the other way. It transports men and things in decentralized fashion, and it is at the command of the small man. The motor-bus in the country was decentralizing the control of passenger traffic, and the lorry that of small goods traffic, when capitalist monopoly got to work and began to eat up the lesser units. Had a cumulative tax been clapped on to the ownership of more than a few vehicles licensed for country transport, a tax becoming high at half a dozen vehicles and prohibitive at a dozen, we should have continued the small property that was growing up. Similarly steam machinery in the mid-nineteenth century and earlier could be used in favour of already established Capitalism and in a fashion hostile to small property. But electrical power works just the other way. Its origin must be centralized, but its distribution may be infinitely varied, in the smallest units.

Even where the modern instrument is expensive and therefore makes for centralization, it can be owned and worked as guild property, or in distributed shares, well safeguarded.

The whole attitude of the old-fashioned socialist, or, as he has now logically become, the Communist, with his well-worn argument of inevitability, is rooted in a wrong conception of what men are—that is, a false philosophy—supported by a wrong conception of the historical process reached by the putting of things in the wrong historical order. And though it is true that unchecked competition must ultimately produce the rule of ownership by a few, yet it is also true that mankind has always felt this to be the danger, has instinctively safeguarded

himself against that danger by the setting up of institutions for the protection of small property, and that these institutions have never broken down of themselves, but always and only under the conscious action of a deliberately hostile attack.

* * * * *

There are seven main avenues whereby unchecked competition tends to put the few into the control of the means of production, transport and exchange, and therefore of society as a whole. There are seven main ways whereby healthy normal human society with a mass of well-distributed ownership can degenerate into a Capitalist society, the mark of which is the exploitation of the many by the few, and the power of the few over the many.

These seven avenues may be tabulated as follows :—

1. The larger unit is in proportion less expensive in management, rent, upkeep, and all things that are called in commercial jargon "overhead charges": the only limit to this tendency being the difficulty of organizing and conducting units beyond a certain size; and that difficulty is more and more easily overcome by practice and the development of perfected organization.

2. The larger unit is better able to purchase all the more expensive instruments for production, distribution and exchange, whether in the form of machinery, advertising or information, through which, other things being equal, one is possessed of a better basis for judgment.

3. The larger unit can borrow more easily *in proportion* than the smaller. It can tap bank credit more easily especially, and bank credit is, to-day, the chief factor in economic activity of all kinds.

4. The larger institution can undersell the smaller one at a loss, until the smaller one is imperilled or killed. The richer man can thus "rope in" the smaller man, or "freeze him out"; that is, compel him to alliance on onerous terms or actually destroying him.

5. The larger unit will accumulate capital under easier conditions than the smaller. The rich man can afford a smaller profit or a lower interest on money than the poorer man.

6. Plutocracy once established will corrupt the legislature so that laws will be made in its own favour, increasingly handicapping the small man and advantaging the larger.

7. Plutocracy once established will equally corrupt the administration of justice, weighting the scales in favour of the rich man against the poor man.

Let us consider these seven dangers more particularly.

1. The overhead charges. This is one of the stock arguments of Communism, and a good one so far as it goes. The old typical illustration used to be, in this country, the retail urban milk trade. Your Fabian bewailed the state of affairs in which two small men, each with the goodwill of a milk walk, overlapped. He pointed out that the expenses of distribution would be vastly reduced by one system controlling the whole mass of small milk walks as they existed not so long ago. He has lived to see the thing come about, in this country at least; for the small man in the milk trade has almost disappeared. A huge monopoly has swallowed him up.

And what is true of the milk trade is true of all the other examples of distribution and of most of the examples of production. Chain shops have destroyed the individual shopkeeper. Where there were, say, forty thousand independent grocers, there came to be forty thousand managers, the wage slaves of a combine, because the cost of administration is less, and this economic advantage handicaps the small man against the great. It has gone on all around us during the past generation at a pace which has increased, in Britain at least, out of all knowledge, until to-day on all sides we are gripped by monopoly. Those of my generation can remember a time when for a hundred necessities of daily life individual

shops or craftsmen were present throughout London. To-day they are fast disappearing; most of them have already gone.

2. In purchasing information for coming to a correct judgment, the larger group of capital has an obious advantage over the smaller. It is apparent in every economic activity. And one department of it, the ease of negotiation, is perhaps more striking than the rest. You can make a merger of a few great firms and with that merger a monopoly of what they produce or what they distribute, where you could not make a merger of a number of small firms. And with such power admitted freely, working without check, monopoly is the inevitable term to which the whole process tends. Again, the large unit in modern scientific production—e.g. electrical—has a mass of technical experts and a quasi monopoly of informed ability to execute. To such, a government must perforce turn when great works are undertaken. The power of a larger unit to purchase the more expensive material instrument which the smaller units cannot purchase (save in combination) is also obvious; but it is not always equally apparent, as it should be, that the larger unit can more easily command another immaterial instrument of the greatest force: publicity. We all know that advertising has become one of the worst plagues of modern English life: what we must also keep constantly before our eyes is that the opportunity for this abuse increases *out of proportion with the increase of the unit at work.* £100,000 spent on advertising has not ten times the effect of £10,000—it has more like fifty times the effect.

It has been discovered that with a dull urban population, all formed under a mechanical system of State education, a suggestion or command, however senseless and unreasoned, will be obeyed if it be sufficiently repeated. Now, in issuing such suggestions and commands the larger man has an overwhelming advantage over the

smaller. He can, as it were, compel by suggestion. He can create by it a market for his wares, which the small man could never command and out of which the small man will be driven. We all must remark and deplore the undoubted truth that this particular form of plutocratic advantage (I quote it only as an example, but I do so because it is the most glaring and offensive example of all) tends not only to establish a few rich men or small groups of masters of distribution and production, but also to produce and to distribute the worst things. Every one must have noticed how an article immediately deteriorates after an "advertising campaign" has been started in its favour.

It is true that this particular evil would in time correct itself as the general evil of Capitalism increased, for when all is monopoly, even advertising will not be required. But as things stand to-day, this fungoid growth of advertising has done evil beyond anything which the last generation could have imagined: undoubtedly it has ruined the Press. The Press cannot print, even where it should so desire (and being itself in the hands of monopolists it does not so desire to print) any truth which the great advertisers desire to have suppressed. And that is why our field of vision, even on the most urgent public affairs, grows narrower and narrower.

3. What the power to obtain credit, and especially of course, bank credit, means to-day we shall discuss when we come to examine the part played by finance in industrial Capitalism; but we note here that the advantage enjoyed in this department by the larger unit is, again, as in the other instances given, out of proportion to the size of the units engaged. The small craftsman can hardly borrow at all—perhaps a few pounds privately at ruinous interest. The somewhat larger man can borrow more, in proportion, upon the security of his business, but he is not "interesting" to the banker. The owner—or controller—of a very large business can borrow on quite another scale.

He does not command, say, ten times the credit of a unit with a tenth of his business, he commands far more and on easier terms.

There are three main ways in which this advantage works :—

(*a*) The large unit can bargain for special rates of interest, lower than are granted to the smaller unit, because (1) the cost of "handling" the loan is proportionately less, (2) the transaction is unilateral in the case of the small man but mutual in the case of the large man. It does not matter much to the bank whether Jones the grocer is their client for £1,000, while it is life and death to Jones to get the money. It matters a great deal to the bank to have Sir Hannibal Smith for a client, with his loan of a million bringing to the bank £45,000 a year, or even only £40,000. And Sir Hannibal is fully aware of that fact.

(*b*) It may often "pay" the bank, in the case of the big man, to "throw good money after bad." If they sell the big man up they lose a potential source of later income. They try to "tide him over." We see the effects of this in mills which the banks have supported through the slump until they owed far more than they were worth; and of large commercial men whose private households are actually paid for week by week out of the banks' resources, because the banks find, or think they find, it to their advantage to keep him afloat.

(*c*) A subtle point, but a very real one, the large client is in the same "atmosphere" as the bank. They are both "Big Business." The psychology of credit works here most powerfully in the very large man's favour, and the proof of this truth is seen in the very numerous cases where, after a man in a large way has failed, bank credit has been discovered to have been put at his service upon his mere name, with no real security at all behind the last of many loans.

4. The larger unit can undersell the smaller unit by fraud as well as by cheaper overhead charges. This is

one of the oldest complaints against centralized capital and the worst of the big man's methods in his swallowing up the small man. It was one of the first evils of the growing capitalist system to be noted. It was already in full swing shortly after the middle of the nineteenth century. It is of course for all those who admit the doctrine of the Just Price, manifestly a form of theft.

It works thus :—The larger unit of capital can afford to lose on its wares for a longer time than the small unit. If both the larger and the smaller are producing a particular article at a pound, and both in competition sell it at fifteen shillings, each will be losing five shillings on every sale. The process could not go on indefinitely, but the larger unit of capital can stand the loss longer than the smaller one. The small man will break, while the large man is still solvent. And this iniquitous method by which the large man can destroy the small, is, in all its modifications and varied forms, not only one of the most obvious but one of the most pernicious activities of private property acting purely competitively and uncontrolled. It is also, as we shall see later, when we come to the question of restrictive prohibitions, one of the most difficult to deal with. For there are many conditions under which a man may honestly and in good faith sell at a loss, and to distinguish between these and the conditions under which he sells in order to ruin a competitor is difficult indeed to establish.

5. The larger unit of capital will automatically be accumulated for a lesser reward than the small one. This is an exceedingly important point which the earlier critics of Capitalism overlooked.

Capital accumulates for a certain reward. Capital is created by saving out of production for the purposes of future production, and it will not be so accumulated by anyone, the individual owner nor the Communist State, save for some standard of remuneration. The measure of this reward sufficient to provoke an accumulation of capital, John Stuart Mill called " The Effective Desire of

Accumulation," and we cannot do better than adopt this conventional term. Men will not forgo a present for a future good save on terms of increment. They will not deprive themselves of the immediate enjoyment of a unit of wealth for the sake of a future unit of wealth, unless the second is larger than the first. A man certainly will not wittingly forgo ten pounds' worth of immediate enjoyment if he knows that at the end of a year he will only have the same ten pounds for his pains. He will not save that ten pounds if he knows that at the end of a year he will only have ten guineas. He *may* do so if he sees eleven pounds at the end of the year. He must have increment as an incentive, and the amount of increment which will set him to work to save, the reward sufficient to make him forgo immediate enjoyment, is his " effective desire of accumulation."

It is an error, as I have just said, to imagine that this factor is only present under Capitalism. It is necessarily present under Communism, or under a well-divided property, and indeed in any economic system whatsoever. Capital is accumulated with the purpose of future production in excess of its present amount, and if it were not expecting such addition, it would not be accumulated at all.

Now this being so, we note at once that the wealthy man will feel an effective desire for accumulation for a smaller increment than will the poorer man. We put it conversationally when we say that it is worth a man's while to get £2,500 a year on £50,000 capital, but hardly worth his while to save £1 in order to get a benefit of a shilling at the end of the year. Another way of putting it is to repeat the obvious truth that the margin for saving in the case of poor men is narrow, while that of rich men is wide. It is easier to save out of £5,000 a year than out of £500. The poor man who saves " against a rainy day," who looks on his savings as a sum to be called upon later for his maintenance, will often take very low interest rather than none. Often he will seek for none and merely

leave his money on current account, or keep it in a box. But when it comes to investment and a permanent denying of himself for the sake of future reward, it is another matter.

In other words, you cannot tempt small capital to make the beginnings of serious accumulation at the rates which are sufficient for large capital. In order to get the small man to accumulate, in order, that is, to create well-distributed small capital through the accumulation of little savings, you must offer a proportionately higher reward than you do for large savings.

Unrestricted economic tendency works therefore to the advantage of large units in this case again. The cost of managing a quantity of little savings banks accounts, for instance, is out of all proportion greater than the cost of handling large balances and in point of fact we always find, in the modern capitalistic system, that the first small beginnings of savings are offered lower rewards than the larger ones. The Post Office gave no more than half the rate of the State after the war, and the Savings Certificates were calculated at a rate lower than that of the main national loans.

6. The effect of plutocracy in corrupting the legislative machine needs in theory no demonstration, for we all know nowadays such corruption is ubiquitous, and nowhere does it work with greater force than under the parliamentary system. For it to have effect there is no necessity for actually handing over shares or money to the politicians, though a great deal of that simple form of corruption does take place, for even when such direct action of plutocracy upon the legislative machine is not exercised, there is indirect "pressure" of all kinds. The evil is less formidable under absolute monarchy than under any other form of government, for the whole point of absolute monarchy is that the monarch is too wealthy to be bribed, as well as too strong to be bullied. But in all other forms of government the pressure of the whole wealthy class upon the legislative

machine is felt, and when that wealthy class is supreme and has complete economic power over the mass of the citizens, laws will inevitably be made favouring the continuance of the system and handicapping the better distribution of property. Not only statutes, but all kinds of regulations and customs will conform to this rule.

There has also lately arisen a new form of "pressure." The large unit of production pushes through Parliament some great public scheme, often to the material benefit of the nation, *but* so that the wealthy men who control the unit shall necessarily receive the profits on the large sums of public money expended.

7. The last noticeable effect of plutocratic pressure is that exercised upon the administration of justice. This again, in its cruder and simpler form is less dangerous than in its indirect form. Where the direct bribing of the lawyers is eliminated there remain two powerful examples of plutocratic effects upon them. The first is the cost of obtaining justice; the second, the legislative effect of judicial decisions.

As to the first of these, we are to-day surrounded by it on every side. The cost of recovering the smallest debt is out of all proportion to the cost of recovering a large one. The scale of payments which have to be met before a citizen is enabled to have justice at all is higher in a plutocracy than in any other form of government, and the cost of appeals is the strongest of all the evil forces at work in this field. It is a mere commonplace that the wealthier unit can take a thing in this country to the ultimate court of appeal, the House of Lords, where the poorer rival cannot.

The effect of the same spirit upon judicial decisions has been evident through history during the last three hundred years, and was particularly strong during the great confiscations of land. It was mainly by judicial decisions, rather than by direct legislation, that the waste lands, the minerals, forests, commons and the

rest, were alienated in the past. It was by judicial decision, because the lawyers' guilds were affiliated to the rising plutocracy of the seventeenth century, that the yeomen were dispossessed under the Statute of Frauds. For if that piece of legislation had not been applied retrospectively, it would not have had the revolutionary effect it did have.

Our first approach, then, to the problem must be the consideration of what remedies are available by way of check, modification or prohibition, for meeting these seven lines of attack which are followed by large property in its ceaseless task of absorbing or attempting to absorb small property and to turn the small owner into a proletariat. To that consideration I will turn in my next article.

Jugoslavia

By Herbert Vivian

FANCY may play with the idea of a future when savages or wild beasts or termites will swamp civilization. Is this merely a disordered dream of romantics, or do we look forward to an age when gorilla ambassadors will be received at the Courts of Christian monarchs and trading concessions be solicited from soviets of devastating ants?

Some such surmise is provoked by present discontents in various States, notably in Jugoslavia, which arose from the Great War amid laurels that still veil secular traditions of savagery. Our soldiers from Salonika, our Red Cross nurses and our nicest newspapers recapitulate memories of Serbian gallantry and charm, neither of which can be denied.

Two distinguished Serbian professors, Messrs. Tsvijitch and Budimir, have recently published books advocating an "economy of courage," because Serbians possess "a brigand mentality" and suffer periodically from "a general breakdown of all intellectual and moral values, sinking into complete corruption." So much for the survival of "gallantry."

And I can testify to the native charm, for, in happier days, at the turn of the centuries, I visited almost every town and village in the primitive little kingdom, to find an engaging people who had discovered the secret of self-sufficiency so well that none disputed when I gave the title of "Poor Man's Paradise" to my book about their country. All their food and wine and clothes and simple luxuries were produced at their homesteads. Money was not needed save for the tax-gatherer. Most of their time was given up to song and dance.

In the Palace at Belgrade I found a young King, Alexander Obrenovitch, heir at line of the true liberator of the land from Turkish yoke, gracious, intelligent, patriotic. His predecessors had accepted vassalage of Russia or Austria, and his attempt at national inde-

pendence led to disaster. That and his marriage—one of the great love stories of history—to a lady of heroic Serbian stock instead of to a foreign princess, who would have brought grist to the mills of self-seekers.

On June 11, 1903, in the small hours of the morning, a gang of discredited officers broke into the Palace with dynamite and overcame the guards. Many of them had received signal favours from their Sovereigns. Others had been cashiered for disgraceful offences. With one exception, all were in a state of frenzied intoxication. Hideous scenes ensued. The Sovereigns were butchered with Sadic devilry almost beyond belief, and their bodies were thrown out of the windows into the garden.

Meanwhile, Peter Karageorgevitch, pretender to the throne, who had been hastily summoned from Geneva, sat with the Russian Minister at the window of the Legation across the way, watching through the blinds. A few days later, the regicides nominated a Grand Skupshtina or constituent assembly of their partisans, and Peter was unanimously elected to occupy the throne.

Who was Karageorgevitch? Early in the eighteenth century, a gipsy family emigrated from Podgoritsa in Montenegro to a village near Kragujevats in Serbia, then under Turkish rule. One of its members, known as Kara (Black) George, owed his nickname to his swarthiness and the wild Romany eyes which illustrated the violence of his character. The family had no surname, but Kara George's gipsy descendants took that of Karageorgevitch or Blackgeorgeson.

Black George committed many murders, was incidentally a parricide and fratricide, bonnetted his mother with a hive of bees, and in 1804 led a horde of brigands against the Turks, establishing a short-lived principality.

Order was restored by the founder of the House of Obrenovitch. In 1868, Alexander Karageorgevitch, father of the late King Peter and grandfather of the present dictator, organized the assassination of Prince Michael

of Serbia in Topchider Park, near Belgrade. In 1878, Peter instigated a plot to kill King Milan of Serbia, and was condemned to death by the Serbian courts in his absence.

On the throne, Peter, given over to plum-brandy, was a mere puppet in the hands of the regicides. Their deeds had filled the civilized world with horror, and Edward VII insisted on breaking off diplomatic relations with Serbia. They were, however, renewed by Sir Edward Grey on the understanding that regicides should be removed from prominent posts. This, of course, was not observed. They continued to dominate all affairs, and there was now nothing to hinder their organization of secret societies and murderous conspiracies, backed by all the machinery of a recognized State. They failed in attempts to assassinate the Emperor Francis Joseph in 1911, King Ferdinand of Bulgaria in 1914, and King Constantine of Greece in 1916, but they armed the crazy Bosnian students who killed Archduke Francis Ferdinand in 1914, provoking the Great War. This they no longer attempt to deny. On February 2, 1930, they unveiled a memorial to the actual murderer at Serajevo with the inscription, "On this historic spot Gabriel Prinzip proclaimed liberty," while a great crowd shouted, "Glory, glory to the hero!"

During 1916, Montenegro and most of Serbia were gradually occupied by Austrian troops. The Montenegrin King was obliged to seek refuge abroad, as King Albert of Belgium and Peter of Serbia had done without arousing adverse comment. French hospitality was accepted, and the Montenegrins unwittingly walked into a spider's web. All through the war, the chiefs of the Entente had never ceased to promise a restoration of the little kingdom, but when the armistice came in 1918, and the exiles prepared to return to their homes, they discovered to their intense surprise that a Serbian army occupied their land. In the joy of victory they accepted explanations that this was a temporary measure pending

the return of interned soldiers. If they had been suspicious, they might have wondered why France delayed the departure of the King and his ministers, why the French General Venel was sent to Montenegro and occupied all the strategic positions in the country.

On November 26, 1918, they received a fresh surprise. A mock parliament was packed at Podgoritsa under the "protection" of Serbian bayonets and proceeded to vote the incorporation of the kingdom of Montenegro as a province of inflated Serbia. King Nicholas was actually offered the Governorship of Ragusa, deprived of his property and exiled, with the connivance of the French. A few heroes made a desperate struggle for the national liberties which had endured through five centuries, but they were soon overpowered. Most of the soldiers were still interned abroad—many in Corsica, I never found out why. The remaining population was starving, and none could obtain food without acknowledging Serbia. It was useless to remind the nations of all their solemn promises. The nations were weary of war. Or they were too busy celebrating their triumphs on behalf of the self-determination of small peoples.

Torture, hunger, rapine, pillage, murder and monstrous cruelties have reduced the Montenegrin population to servitude, and their piteous complaints rarely reach the outside world. Once in a while, some Serbian diplomat announces that Montenegro is happy and contented; sometimes an intimidated Montenegrin is bribed to come to Belgrade and testify to the same falsehood. Investigators are barred, even official reports are suppressed —notably that of Count de Salis on behalf of the British Government—the world remains ignorant of what has justly been termed "the greatest crime in history." Yet the remnant of a heroic nation does not altogether despair.

The lot of Croatia is scarcely to be preferred. She was an independent kingdom, defending Christendom against the Turks, possessing culture and a lofty literature

for centuries while Serbians were cringing serfs sunk in savagery and ignorance.

After the war, when the Austrian Empire was broken up, the Croatians imprudently listened to Serbian blandishments and agreed to join the new Jugoslavia under a promise of Home Rule. But it was soon made clear that they were to be annexed and subjugated. At first they were allowed to elect deputies, but on June 20, 1928, their national leaders were shot down in the Chamber, and on the following January 6 Alexander Karageorgevitch overthrew the constitution and proclaimed a military dictatorship. All national and individual liberty was abruptly ended. Not only political associations and public meetings, but literary, musical, sporting and philanthropic societies were rigorously forbidden except under the auspices of the alien tyrants. The edict had gone forth that Croatia must cease to exist as a nation. The display of her flag or coat of arms, flowers on the tombs of her martyrs were punished as high treason.

No Croatian's life is safe. Murders are announced in advance by the Government newspapers in lists of "proscribed persons," then shamelessly carried out in public places with the police looking on. That was the procedure in the case of Stefan Raditch and the other parliamentary leaders, whose assailants were subjected to nominal penalties. On February 18, 1931, Dr. Milan Shufflay was beaten to death in one of the chief streets of Agram, and no attempt was made to arrest his murderers. On June 7, 1932, Dr. Budak was shot and beaten outside his house, and one of his assailants was rescued from the crowd by the police, while the two others, though well known, are allowed to remain at large. Then great State trials are held from time to time, as in Russia, and the crime of discontent is savagely punished with death or long terms of imprisonment. Evidence of torture has provoked no denial. The old Turkish bastinado has been revived for the purpose of

eliciting admissions from persons awaiting trial. Here is a report that has reached me from one of the sufferers :—

> Hands and feet of the political prisoners are put into heavy iron chains. After that their hands tied behind their backs and their heads beaten until blood runs out of their mouths and noses. Their naked toes are trod upon with heavy boots and their whole bodies illtreated with kicks and beatings of fists, not sparing the most sensitive parts of their bodies. Thus the tortured prisoners are thrown on the floor and their bound hands tied on their feet by the aid of cords, then their naked soles are horsewhipped until again they bleed. To add more cruelty to the treatment of some of these unhappy prisoners, they put a stick or a gun between their hands and feet bound together in the forementioned way, and then they hang them between two chairs and in this position they thrash them again until they lose consciousness. Others were hanged on the ceiling by their tied hands, cruelly beaten and left there for hours. In order to drown the screams and yells for help of the tortured, one ties up their heads with rags or old military cloaks and gramophones are played to paralyse the noise of their moanings. In order to extort a confession from the merchant Javor, an elderly man, all the described atrocities were applied to him; one even scorched him with burning candles while he hung from the ceiling and was beaten. His wounds are still open after seven months, and his feet are so swollen that he is unable to wear leather boots. On one occasion his wife was able to see her husband, but it was with difficulty that she recognized him. His shirt was hanging in shreds, his hands and feet were swollen, his face full of ugly wounds and bruises. . . . When victims succumb to their torture, it is officially reported that they have committed suicide. . . . When the lawyers defending the cases claimed a charge of the public prosecutor, the State court denied this claim against the brutes as all had been carried out by order of the Royal Government.

The seizure of the greater part of Macedonia also affords a deep grievance, for the vast majority of the population is of Bulgarian stock, Serbs have regarded Bulgars as hereditary enemies for centuries, and now no occasion is omitted for paying off old scores. I remember a characteristic incident at a *Slava* or annual festival of a Serbian regiment long ago. Suddenly, without reason or provocation, a captain stood forth and demanded, "Who are the great enemies of the Serbian race?" And

without an instant's hesitation, all the soldiers shouted in chorus, "*Bugari!*—the Bulgarians!" So now occupied Macedonia is persistently used to provoke frontier incidents for the vexation of Bulgaria, while the unhappy people are subjected to terrible persecutions. We hear of savage punishments for children whose parents have taught them to say they are Bulgarians or Macedonians, and there are penalties for families who have failed to realize that their name-endings have been changed from -off to -itch. Both in Macedonia and Croatia, a special gendarmerie has been established on an astonishing scale, though the population is singularly free from ordinary crime. Where two or three sufficed for a district before the annexation, as many as fifteen policemen are now stationed; their terrorism and cruelties for the defence of an artificial realm have become a byword.

The economic effects on Jugoslavia are no less important than the oppression of the subject peoples. With visions of prosperity it is sometimes possible to find toleration for a foreign yoke. But the tyranny of Belgrade has substituted chaos and poverty for economic and financial well being. And this is natural when universal discontent has led a whole people to do all in its power to resist the stabilization of the actual situation. Here we have not only Croatians, but Macedonians, Montenegrins, Albanians, Slovenes, in fact, the majority of Jugoslavia regarding their rulers as enemies and refusing to contribute to the prosperity of the State.

Most significant of all, the Serbians themselves are seething with discontent. The satisfaction of being a dominant race is considerably mitigated by the absence of liberty under the iron rule of a gipsy dynasty and a regicide clique. Promotion in the army, employment in the inflated bureaucracy, all commerce and avenues of prosperity depend upon subservience to the tyrants. The intelligentsia dare not read or talk or think as they please. The little man, the clerk or shopkeeper in a Serbian town, is impoverished to the verge of famine by taxation,

subjected to sudden military calls, almost to a press gang, must not deny his women folk or otherwise offend the ruling caste under pain of arbitrary arrest and torture. All the old natural gaiety has long since departed, leaving only the noisy orgies of officers' clubs and brothels. Poverty is conspicuous everywhere. Belgrade has never recovered from the war and is but a shadow of her former beautiful self. Last September, horses reappeared in the streets, hastily collected from the countryside, for all her 20,000 motor-cars had ceased to run owing to Government restrictions on the sale and import of petrol. The "brigand mentality" cited by the professors is alarmingly illustrated throughout the interior of Serbia, where the population of whole villages has taken to the mountains and forests rather than attempt to meet demands for impossible taxes. Much of this state of affairs is hushed up, but there can be no doubt that guerilla warfare has been raging for a long time. "The worse things are the better" has become a generally accepted slogan throughout Jugoslavia.

And the Serbian rulers do nothing to make things better. Even with contented vassals, they would be riding straight for disaster. The crushing taxation is not devoted to benefiting or improving the country, but to militarism in view of a war of aggrandisement. It is possible that the Serbians may bow to the will of Europe and yield lip-service to proposals for disarmament, but they will never carry out any such promises. They are, as they have been ever since the regicides came into power, a standing menace to the peace of the world. As it is, 27 per cent. of the total budget is admittedly devoted to armaments, and that is far from revealing the truth, for large sums attributed to civil purposes are actually swallowed up by the army. And to the regular army we must add a number of military formations which are disguised under the mask of nationalist associations, but strictly controlled by the Ministry of War. Among these are Sokols. These have existed for a long

time in most Slav countries, nominally for the physical training of youth. I remember them in Bohemia long before the war. They gave impressive gymnastic displays on a large scale, but it was whispered that they had secret subversive tendencies unfavourable to the Austrian Empire. Now, in Jugoslavia, they are under Government control, with 120,000 members who would be drafted into the army in case of war.

But the most significant auxiliaries in Jugoslavia are the Chetniks, who used to be called Komitajis, and are still more or less brigands. With regicides in power, there need be no surprise that brigands should stand part of the State machinery. They number no more than 5,000 men, but are of far greater account owing to their ferocity and lack of scruples. They are reckoned as part of the Jugoslav army, and the Jugoslav Government is responsible for their methods of warfare.

Instructions for their conduct were published by the Serbian General, Zhivko Pavlovitch, in his book " Bitka na Jadru " (Battle of Jadar), which appeared in Belgrade in 1924 (pages 619–623). According to these official instructions, the recruits must, above all, be " violent and sanguinary." They are trained " to operate with hot and cold weapons for the commission of assaults upon superior officers and political personages, for the incendiarism of houses and villages, for poisoning wells and springs with microbes or ordinary poisons, for intercepting and interrupting telegraphic and telephone communications." Every Chetnik must speak the language of the country where he is to be employed in war and know the regulations of that country's army so that he may assume a disguise and serve therein. For that purpose, a complete foreign uniform and equipment are kept on his behalf in the military depots. He may be quartered anywhere and will make a pretence of following some peaceful avocation, for which he will be well paid. The mobilization of Chetniks is to take place long before that of the rest of the army so that they may make

raids before the opening of hostilities wearing the uniforms of their opponents, which is quite contrary to the rules of war. In order to disguise their activities still further, they have orders to kill the wounded and prisoners on every occasion.

Thus, in the heart of Europe we find an unnatural dispensation, that was established for strategic purposes by the peace treaties, condemning millions of unhappy people to slavery and decay under the reckless rule of triumphant criminals. The League of Nations pays no heed to protests from the various minorities who constitute at least two-thirds of Jugoslavia. Yet Croatia was happy and prosperous enough under the beneficent rule of the Habsburgs and need not altogether despair of eventual restoration. The cry of Macedonia may find relief in union with her sister nation of Bulgaria. And Serbia, herself, retains sane elements waiting like prophets in caves until the tyranny be overpast. That tyranny possesses none of the elements of endurance, needs but rope enough to swing away from mortal ken with all the shadows of recent nightmare years. *Cujus vulturis hoc erit cadaver*?

How to Reduce the Rates

By B. S. Townroe

PARLIAMENT this spring will have to decide on many difficult issues which are arising from the present effort to reduce the burden of taxes and rates. What is wise spending or foolish economy? Mr. Neville Chamberlain, in preparing his Budget, will be up against the question again and again, and among his guides will be the reports of the following four Committees:

(*a*) The Private Members of the House of Commons Economy Committee, of which Sir Gervais Rentoul, M.P., was Chairman. Although their report has been exposed to much ridicule, and some members of the Committee have suffered from cold feet since they saw how drastic were the recommendations, it contains solid information and is a valuable signpost.

(*b*) The Committee of Local Government representatives for England and Wales, presided over by Sir William Ray, M.P.

(*c*) A similar Committee for Scotland.

(*d*) The Select Committee which reported (Stationery Office 129) on the reforms of procedure necessary to give the Commons closer control over expenditure. Although less "boosted" in the daily Press than the Ray or Rentoul reports, it will probably have a more permanent influence.

Readers of THE ENGLISH REVIEW are already aware how, owing to retrenchment, Mr. Chamberlain avoided the painful necessity of imposing fresh taxation to the tune of £79,000,000 upon us last April. But in spite of that, taxation in 1932 was £85,000,000 more than in 1931, and local government expenditure has been trebled since 1914. Here are the official figures of the money provided for local expenditure, partly by the ratepayers and partly by the taxpayers in the form of Government grants:

Year	£ Millions Rates	Grants	Total
1913–14	79·0	25·6	104·6
1920–21	169·9	71·3	241·2
1921–22	189·2	87·6	276·8
1922–23	174·6	86·0	260·6
1923–24	161·0	89·2	250·2
1924–25	160·1	93·1	253·2
1925–26	167·2	96·7	263·9
1926–27	179·5	99·8	279·3
1927–28	188·4	103·5	291·9
1928–29	188·4	105·9	294·3
1929–30	175·7	124·0	299·7
1930–31	167·0	153·0	320·0
1931–32	165·0	154·0	319·0

But this vast and increasing cash payment is not all the story. Local authorities have been borrowing without ceasing, so that the outstanding load of debt has more than doubled since the war, and now amounts to over £1,200,000,000. The interest on these loans is often high, and in spite of the relief given directly to industry by the Local Government Act of 1927, presses hard upon shopkeepers as well as upon railway companies and businesses, especially in the poorer areas. For example, the small tradesmen in one South London Borough are now having to pay for a loan borrowed some years ago for housing at the rate of interest of 6¾ per cent. ! Those who stir our hearts by the pen pictures of tragedies due to reactionary economy should study how hard the rates press upon millions who are trying to pay their own way without State or private charity.

Nevertheless, on the platform and by wireless the public is being urged that more borrowing should be encouraged so as to provide more work. There is much local indignation aroused when, for example, Sir Hilton Young will not sanction loans for a new town hall, and a new swimming-bath. We are told that public spending is imperative, especially on so-called remunerative projects.

In spite of protests and inevitable unpopularity, the

National Government, through its various departments, presses on with its hated economy proposals, and will cut nearer the bone as Parliament sanctions further changes of policy. A foretaste of what may come is the proposed termination of all housing subsidies, except those for slum clearance, under the Bill that will be before the House during February, and which carries out one recommendation of the Ray Committee. Municipal housing last year cost the public about £15,500,000, and additional borrowing for housing is taking place at the rate of £20,000,000 a year. Our children and grandchildren will go on till after 1982 paying off these housing loans, but if Parliament is courageous this spring, the too protracted intervention of a Government Department in building industry will cease after next Easter, and the bills which future generations will have to pay will not accumulate so quickly.

If only private enterprise and the building societies are alive to the new opportunities that are being offered, we may yet see small dwellings available to be rented by the poorest and most overcrowded—the very persons who have been least assisted by our prodigal expenditure on housing since the war. Wise economy may well prove to be a blessing in disguise.

Local authorities, too, have not been supine in reducing rates as far as they have power. During 1932 by various means there was a decrease in the rate poundage in 1,005 rating areas as compared with the corresponding half-year in 1931. In 162 areas the rate was unchanged and there was an increase in 115 areas.

This economy, which was exercised by men and women, who are giving their time voluntarily to local government service in the face of misrepresentation, abuse, and even personal violence, has been bitterly criticized by those who are always ready to spend other people's money in the name of social service. There have, of course, been mistakes, but on the whole the economies effected have not been rashly undertaken,

and Economy Committees have been guided throughout by the officials who work anonymously behind the scenes, and who are keeping a sense of proportion at a time when ancient landmarks are being removed.

But more reductions are inevitable if the overloaded ship of state is to steer a course away from the threatening rocks and reach the port of prosperity. These must be effected, not by niggling cuts, but by fundamental changes of policy leading to replanning and reconstruction. Only a few aspects of such necessary changes can be dealt with in a short article, and these are offered as indicative of the directions in which policy is likely to move.

Mr. Neville Chamberlain has done wonders in 1932 in reducing the interest payable on our loans, and has promised that "considerable further economies will be secured from time to time, but these will be secured with the least possible disturbance to national efficiency." The following suggestions are now being considered by men who are engaged in local government work, and who recognize that the long view must be taken :

I. We need a rest from legislation imposing new burdens. Our present evils are partly due to Acts of Parliament passed without their real consequences being understood. No less than 230 measures have been passed since 1889 which involve local authorities automatically in extra expense.

II. Where legislation cannot be avoided a careful estimate should be presented to Parliament showing what it will cost ratepayers. The guessworks of the past have landed us in many troubles. Thus, Mr. H. A. L. Fisher, speaking as Minister of Education on March 13, 1918, just before the German advance, estimated that his Education Bill would add about £10,000,000. Actually this figure ought to have been trebled, and his Act costs us annually more than has been saved by the conversion of War Loan.

III. The Budget each year should contain figures showing the cost of local government both to the taxes

and the rates, respectively. The present figures are a maze, and only the experts in Whitehall know the true position.

IV. Some further brake upon the piling up of local loans is imperative. We may well imagine our grandchildren standing on Westminster Bridge in fifty years' time and cursing this generation for our shortsightedness in piling such financial liabilities upon their backs. Accordingly, the power of local authorities to raise loans in any one year should be limited to the amount that can be quickly repaid, and any exceptions from this rule ought to need special sanction from the Treasury or the Ministry of Health. It would assist industry, too, if local authorities were to repay direct to stockholders annually the amount set aside for repayment of loans, or else purchase cancelled stock to that amount. Instead of money being carried to a sinking fund this might well be returned to the investing public, who would be able to use it for the development of trade and industry.

V. Already we have some experience of educational economies, of the lamentations of the teachers and the violence of the outcry against the imposition of a means test before free places are granted in secondary schools. Although the average number of children in attendance in public elementary schools has already diminished from 5,381,479 in 1913–14 to 4,930,076 last year, and is quickly dropping to-day, there is an agitation to build many more schools. Some schools built at heavy cost already stand empty, and more will be empty before 1940. A rearrangement of existing accommodation is, therefore, urgently required, but this must partly depend upon voluntary school authorities co-operating, and an agreement being reached as to religious instruction. Other questions, typical of the needs of reform, are the following: How can standard scales of cost be fixed for comparable areas so as to avoid the present extravagances? Can small departments be amalgamated? Is it necessary to employ a certificated teacher to teach

children under five? Is the cost of the present school medical service too high? Is the British Medical Association a professional Trades' Union that is sheltering unduly medical salaries?

VI. Those who have served on Health or Maternity and Child Welfare Committees know that there is also room for very large savings in our health services without in any way injuring national health. For example, methods of administration in the supply of free milk to expectant and nursing mothers and to babies should be tightened up. In London alone this service costs over £250,000 a year, and there is no assurance that the milk and free food provided at the public charge are always enjoyed by those for whom they are intended. Any attempt made to reform is greeted with howls from the sentimentalists, and even Mr. Neville Chamberlain was called a "Baby Killer," when he reduced the grant. This service is typical of many others where at present full value is not being obtained for every penny spent.

VII. The Ministry of Transport should go. Its abolition was promised in 1927, and its influence, exercised through promises of percentage grants, forces local authorities to spend money. The Road Fund is a liability on the national finances, as the May Committee pointed out. The gross expenditure is over £75,000,000, and our railways increasingly suffer from State subsidized competition.

VIII. Public Assistance is another social service in which millions are flowing away. Much has been done in the Metropolis to tighten the administration, and it is probable that if local government is organized on a basis of large areas in the future, many of the administrative reforms applied in London may be adopted elsewhere. But it must be remembered that if the majority report of the Unemployment Insurance Commission is carried into law, many local authorities will find themselves responsible for the administration of a wide-embracing relief scheme, which will cost at least a 4*d*. rate. This

new proposal needs the closest examination as to its effect upon local finance.

These suggestions only contain the germs of a further effort to reduce the rates. Even if adopted they will not develop into large savings immediately, for in considering the future the words of the May Committee must be remembered: "The strictest regard for economy and efficiency over a long period is necessary. There is no short cut and no quack panacea." Although so many local authorities have given of their best to this problem of rate reduction, there are black spots. There are Education Committees which have not made any reduction in teachers' salaries, and Housing Committees who still calmly allow their tenants to pile up arrears of rent. There is need for more effective control of such semi-national services as education and housing. The proposal to place housing under permanent non-elected bodies, free as far as possible from political influence, is worthy of consideration, although there is no necessity for this in a well-administered district. We must look, however, to fundamental changes in our local government organization as the most permanent means of reducing the rates.

Is it really necessary, for example, in London to have twenty-eight Metropolitan Boroughs, each with a Town Hall, a Mayor, a Town Clerk, a Treasurer, an M.O.H., a Borough Engineer and several hundred subordinates? Is there sufficient local patriotism to justify the elaborate machinery which is doing in twenty-eight districts, with varying efficiency, work that could often be better done by the London County Council? In the country scores of rural district councils are grappling with tasks far beyond their power. Costs of similar services, like collection of refuse, vary enormously even in comparable areas, proving that owing to slackness, low output or ignorance, there is waste in certain districts, where the citizens are not receiving full value for every penny they pay to the rate collector.

Further, those who administer the most overcrowded country in the world need great skill and knowledge. The city manager system of the U.S.A. might profitably be adopted experimentally in some of our county boroughs, while in every department of local government there is need for officials trained more in accordance with the ideals now advocated by the Institute of Public Administration. Probably the standard of aldermen and councillors serving on local bodies has improved of recent years, but their task is so complex in an old country with the overcrowded millions under their care, that they must be largely guided by the officials, and these must be more highly trained to meet the rapidly changing conditions.

Apart, therefore, from the detailed reform which will be considered by Parliament this spring, there is need for hard thinking on :

A. The reorganization of local government areas.

B. The training and selection of local government staff.

These are fundamental questions upon which the economical and efficient administration of our local machinery of government in the future will depend, for we may reduce the rates for the time, only to have them enormously increased in the future if the machine is not adjusted to meet the increasing strain.

Suggestio Falsi

By Owen Tweedy

"WELL, goodbye, and let me know from Paris when you are due at Folkestone, and I'll meet you . . . And don't forget to have the triptych stamped . . . And do be careful of the car. She overheats."

The engine whistled and the long train drew away from the platform; and feeling rather lost, I made my way back to a very smart Rolls Royce which was waiting outside the station. It belonged to Robin Grazebrook, with whom I had been spending a fortnight at Cannes; but he had had an urgent message recalling him to London; and now I was to drive the car back to England. I hoped for the best.

Next morning I was early on the road north, but it was not long before the unfortunate car was protesting against inefficiency at the wheel. With Robin it went beautifully; but I seemed always to be going either much faster or much slower than I wanted. Nohow could I attain an even pace. Up to lunch, however, nothing happened; but soon after, a most disconcerting noise developed under the bonnet and by three o'clock I could bear it no longer. So on reaching Chauvennes Sur Alpes, I drew up thankfully outside a large flamboyant garage. A Rolls is a harbinger of hope to every garage, and at once all the mechanics left the Citroëns which they were mending and hurried to greet me. I know little about motors in English, and nothing at all in French; so instead of trying to explain what I did not understand, I invited the cleanest of the mechanics to mount by my side and listen. Twenty yards was quite enough. He lifted the bonnet: waved his arms: and inundated me with a torrent of technicalities which were quite beyond my compass. But, for the sake of this story, let us say that the "Squiggle was out of the true." Anyhow the repairs would take ten hours, and I must spend the night in Chauvennes Sur Alpes.

Happily there was an excellent hotel where the clean mechanic kindly informed the proprietor that I owned a Rolls Royce. So I was given the best room with a bath, and a red asterisk was put against my name to make sure that I was charged Rolls Royce rates. But apart from the hotel and the garage, Chauvennes was deadly dull, and at five o'clock, bankrupt of all ideas how to entertain myself, I was seated gloomily in the empty hotel lounge, wondering what to do next. And then came to me a most ignoble brain-wave. I rang the bell and asked the head waiter to bring me some telegraph forms, and while he stood at my elbow, I wrote four telegrams, all similar in text.

"So many thanks. Have arrived safely. Write London. Good luck."

I signed my name in full and added the addresses—Signor Mussolini, Mr. Ramsay MacDonald, President von Hindenburg, and King Carol of Rumania. Two minutes later, the reception clerk, who spoke English, arrived, bowing like a Japanese, to inquire whether His Excellency wished the telegrams to go "express." I replied: "Of course; they are most important."

An hour later, I was no longer bored. The lounge was full and the reception clerk was back at my elbow with a card—"Hercule Courvoisier. Maire de Chauvennes Sur Alpes." I smiled graciously, ordered coffee for two, and next minute was greeting the Mayor. It was the greatest fun; for although he and everyone else in the lounge knew that I was the distinguished sender of those telegrams, officially all were ignorant. For telegrams are confidential documents between the sender and the Post Office.

Monsieur le Maire was delighted to welcome me to Chauvennes Sur Alpes. Was I staying long? I replied that I was equally glad to be at Chauvennes Sur Alpes, but that my stay would only be prolonged till the morning when my Rolls Royce would be ready. He smiled. I

must be a great traveller? With a shrug of my shoulders, I replied that all Englishmen were great travellers. And then for an hour the poor man led me from London to Berlin, and back to Rome and Bukharest, while I, just as chaotically, told him of my great interest in stamp-collecting, old china, the Prevention of Cruelty to Animals, Infant Welfare, the Mothers' Union, and golf. My only mistake was Infant Welfare. Chauvennes boasted a model crêche. Would I honour it with a visit? Perhaps nine o'clock next morning before I left? And Hercule would conduct me in person. If one puts one's hand to the plough, never look back. I accepted; and a beaming Mayor bade me " Au revoir et à demain," and I retired to my room to change for dinner.

In Chauvennes Sur Alpes no one dresses except waiters; so when I entered the dining room resplendent with pearl studs and a spotless white shirt, I was the cynosure of all eyes. And there were many eyes: for most of the afternoon loungers had stayed on for dinner to see the fun. They fed ill; but I fed superlatively with the three waiters haunting me like ghosts; and after dinner I invited the reception clerk to have a " fin champagne " on the terrace. Later he begged the privilege of introducing his wife, and she made all the other local matrons green with jealousy by getting me to sign her autograph album. Alongside my signature I drew two palm trees which looked like housemaid's mops, and Madame was enchanted. She had *la folie du desert* and hoped that one day Réné, her first-born, would be as great a traveller as I was.

Next morning the Mayor was punctual to the minute; and true to the traditions of his race, he was relentlessly thorough. After an hour in the Crêche there was nothing that I did not know about babies, their habits, or their care. I kissed them all and cooed at their mothers; and was such a success that I only just stopped the Mayor from making a speech of thanks. An hour later, with Hercule and most of his Corporation and all the staff of

the hotel to wish me "bon voyage," I said farewell to Chauvennes Sur Alpes.

About the same time four august statesmen sat down at their desks, put on their glasses and lifted the top paper out of the tray containing their day's work. It was my telegram.

Signor Mussolini: "Where is Chauvennes Sur Alpes? Who is this man?"

President von Hindenburg: "*Dummes zeug;* get me another box of cigars."

Mr. Ramsay MacDonald: "Send it at once to the Home Secretary. Probably a Bolshevik."

King Carol: "Must be an Eton Master after Michael. Well, I won't. And that's that."

Foreign Affairs

By Sir Charles Petrie

THE opening weeks of the New Year have witnessed a lull in the international storm, but it is to be feared that this respite is rather due to the fact that the world's statesmen have been away on holiday than that they have returned to sanity. None of the problems that baffled statecraft in 1932 has become any less pressing, and war debts, the German claims to a revision of the Peace Treaties, and the creeping paralysis which is affecting so large a part of Eastern Europe, are still to be faced. Of equally bad omen is the probability that, for the most part, the men who failed so miserably to effect any improvement last year will continue in control of the destiny of their respective countries.

In these circumstances it is to be hoped that undue optimism will not be engendered by the fact that Roosevelt and " technocracy " are to reign in the United States in place of Hoover and " prosperity." If Europe thinks that it is of the least use looking to America, whether the Democrats or the Republicans are in office, for relief from its troubles, it will merely prove that the history of the past fifteen years has been entirely misread. The only safe prophecy concerning the ensuing twelve months is that the policy of Washington will be calculated to serve purely American ends, and that its realism will be camouflaged by an affectation of humanitarianism. Not for nothing are the citizens of the United States the descendants of those who butchered the luckless inhabitants of Drogheda and Wexford, and then called upon the Almighty to avenge his slaughtered saints in Piedmont.

The Case of the B.B.C.

ONE would have thought that there was enough ill-feeling among the nations to-day without a definite attempt being made by the B.B.C. to cause further trouble. The now famous review of the state of

the world which came over the wireless was a scandal of the first magnitude. Not only were three friendly Powers, France, Italy, and Poland, derided, but it is more than a little significant that the nations singled out for abuse in this way are the very ones that represent law and order in an otherwise chaotic Europe. Nothing was said about the enormous annual expenditure upon armaments in Russia and the United States, or the rising tide of militarism in Germany.

Furthermore, it is quite impossible to accept the explanation that this was accidental, for the point of view of the Right has been consistently misrepresented or ignored by the B.B.C. over a period of years. In short, the broadcast which caused the Polish Government to lodge a formal protest at the Foreign Office was merely the culmination of a long campaign directed against what may be described as the Right standpoint both in domestic and foreign affairs. If it has brought matters to a head by calling public attention to a grave abuse, good may come out of evil.

The Only Remedy

IT would be quite useless to establish direct Parliamentary control over the B.B.C., as is being suggested in some quarters, for it could not be exercised effectively, and so would do more harm than good. What is required is that the Governors should govern. At the present time the various sections of the B.B.C. are a law unto themselves, and so we have Civil Servants originating policy. When all is said and done the B.B.C. is a Government Department in some sort, and it should be run as such. The officials of the Treasury do not air their personal views, and their colleagues of the B.B.C. should be placed upon the same footing.

The Postmaster-General is responsible to the House of Commons, and the Governors of the B.B.C. have to answer to him. That is the theory, and it is high time that it was also the fact. There is no other way of

preventing the " advanced " young men and women who throng the different departments from arranging to have repeated Left broadcasts, which are repugnant to the vast majority of listeners, and are now leading to complications with foreign Powers.

Mr. Buchan's Bold Stand

THE mischievous activity of the B.B.C. in the field of foreign policy is second only to that of the League of Nations Union. There was some very plain speaking about this body at the annual meeting of the Federation of University Conservative and Unionist Associations at Oxford last month, when Mr. K. R. Steel-Maitland led the attack. Mr. John Buchan, M.P., who has an almost uncanny knack of interpreting public opinion, certainly expressed the view of the vast majority of his fellow-countrymen when he said that the League of Nations Union is " largely in the hands of the crank, the sentimentalist, and that appalling creature, the publicist."

In view of the timidity displayed by nearly all leading Conservatives in face of the League of Nations Union, Mr. Buchan's courageous stand is the more welcome. Candidates all over the country meekly submit to its questionings, with the result that the pacifists who direct its policy largely control the actions of the House of Commons. Whether it will now be possible, as Mr. Buchan hopes, " to get it out of foolish hands," remains to be seen; but, in the meantime, he and the young men and women at the universities are to be warmly congratulated upon what they have done. The League of Nations Union, in its present form, has been exposed as an anti-patriotic institution upon which all good Conservatives would do well to look with the utmost suspicion.

The Diplomatic Service

IN June of the present year there is to be a general re-shuffle of British ambassadorial and ministerial appointments, and in view of this it is not inopportune

to call attention to the dangerous extent to which Whitehall now controls the actions of His Majesty's representatives abroad. It is true that the great improvement in the means of communication which has taken place during the last generation has inevitably limited their freedom, and the day is gone by when a Stratford Canning could originate policy. Nevertheless, there is a world of difference between the Great Elchi and the messenger boy who seems to be the modern Foreign Office ideal of an ambassador or a minister, and the national interest requires something between the two.

The plain fact is that the bureaucracy has got out of control, and no recent Foreign Secretary has been strong enough to redress the balance, or, it must be confessed, has made the slightest effort to do so. If this country is to have a Diplomatic Service worth the name more initiative must be given to the men on the spot; otherwise it will cease to attract the right type of candidate, and the vicious circle will be complete. In any event the proof of the pudding is in the eating, and British foreign policy since the war has not been such a success as to justify this change in the machinery upon which it depends. If the present tendency is allowed to continue it will not be long before our diplomatic corps becomes a diplomatic corpse.

The Chinese Problem

THE renewed Sino-Japanese tension follows hard on the publication of a book which at long last makes the politics of the Far East plain to the ordinary layman: this is "China—The Pity Of It," by J. O. P. Bland (Heinemann, 8s. 6d.). In any decently governed country the perusal of this volume by all politicians, journalists, ministers of religion and Civil Servants would be made compulsory under the severest penalties. It is a book which will benefit both the ignoramus and also that far more dangerous individual the person with a little knowledge of Far Eastern matters. Equally, it will not

be popular with sentimentalists, League of Nations enthusiasts, and Mr. Lionel Curtis.

Mr. Bland's standpoint is that the policy pursued by the Powers for the last ten years, namely, not to interfere in the internal affairs of China, has proved to be mistaken, and must be reversed. As in so many other countries, the overthrow of the monarchy was the beginning of the trouble, and China has gone steadily downhill ever since. The throne was the only authority that countless millions of peasants ever knew, and once it had disappeared there was chaos. The moral disintegration of the country is proceeding apace, for the republicans have destroyed all that enabled it to recover from previous convulsions.

The Basic Fallacy

THE type of men who represent the Chinese Republic abroad are mere corks upon the water at home. In 1931, for example, some 42,000 students refused to attend their classes because of the Government's acceptance of the League of Nations' resolution with regard to Manchuria, so the Foreign Minister promptly resigned. At Geneva and elsewhere the spokesmen of China are continually denouncing the opium evil, but a writer in the *North China Herald* in May of last year stated that 70 to 80 per cent. of the districts which he visited in Kueichou were growing poppy. It is true that fines are nominally imposed for the cultivation of poppy; but as the latter is frequently compulsory, the fines are merely a form of taxation.

In these circumstances, it is hardly surprising that the Constitution is a farce. The Press is supposed to be free, but in actual fact there is a rigid censorship, and in 1930 the correspondent of the *New York Times* was obliged to leave the country on account of his criticisms of the regime. The most flourishing industry is undoubtedly militarism, and in the summer of 1930 the total number of men under arms, excluding bandits

and Communists, was estimated at 2,500,000, and their annual cost to the nation was twice the amount of the total revenue. At this date the strength of the Japanese Army was 214,000.

The Chinese Under-Dog

WITH the disappearance of the Dragon Throne, the under-dog in China lost his only defender, for, just like their counterparts in India, the young men from the towns who are now in the seats of the mighty know nothing, and care less, about the rural masses. In this, it may be added, they have the support of Mr. Lionel Curtis. In a recent work he, after remarking that "we shall fail in all our dealings with her (i.e. China) until we recognize that our interests are misconceived whenever they seem to conflict with hers," observes that "the mere handful of educated people who are breaking away from the past, are the vital and dominating factor." No doubt the distinguished publicist was helped to this conclusion as the result of his successful constitution-making in India and Ireland.

For all these reasons Mr. Bland advocates the control of China by the Powers for a period of years. He believes this to be the only solution, and he advances very cogent arguments to show that this would not be by any means so difficult as is commonly supposed. In any event, the policy decided upon at the Washington Conference has clearly broken down, and the world cannot afford to have the Far East ablaze much longer.

Unhappy Spain

THE disturbances throughout the Peninsula promoted by anarchists and others are but further evidence of the chaotic state of the country under the Second Republic. King Ferdinand VII once said that his death would remove the cork from the fermenting and surcharged bottle of Spain, and King Alfonso XIII might with equal

truth have made the same observation about his own exile. Nor are matters likely to be improved by the arrival of a Mexican "general," sent, at the request of the Spanish Prime Minister, to advise the republican authorities on the best method of raising Spain to the level of Mexico. This gentleman, it is not without interest to note, has also been appointed managing director of the newspaper *El Sol*.

It cannot be too often stated that the present regime in Spain is an oligarchy of the worst type, controlled by men whose reputation for integrity and personal morality is in some cases notoriously low. It is true that the Constitution contains many admirable provisions for safeguarding the liberty of the subject, but they are all nullified by the Law for the Defence of the Republic, which places absolute power in the hands of the camarilla that is in office. This law is enforced with merciless severity against the Right, but is rarely put into practice where the activities of the Communists are concerned. Proof of this may be seen in the fact that Bela Kun, the notorious Hungarian terrorist, and Casanellas, the murderer of Dato, are still at large, and able to carry on their subversive propaganda while the prisons are full of Royalists against whom no definite charge has been preferred.

The Outlook

THE elections which are promised for the spring must necessarily be a farce. Not only has the electoral register been carefully "made," but the Law for the Defence of the Republic makes all Royalist propaganda impossible. In these circumstances the voters of the Right will be to all intents and purposes disfranchised, and so the Government is assured in advance of a triumph, which a large section of the British Press will at once interpret as proof that the Spanish people are now solidly behind the Republic. The B.B.C. will also doubtless take this view.

Out of evil, however, good is slowly coming, for adversity is teaching the Right a great deal. The formation of a united front is much nearer than it was a few months ago, while many of those who supported the Republic at first are now in the ranks of its enemies. Probably the most unkindest cut of all, from the republican point of view, was Professor Unamuno's biting criticism, which served to show which way the wind is now blowing.

Creative Thrift

By Gregory Macdonald

PRESENT demands for economy in departments of the State go together with the exhortation that the individual shall spend his money freely on commodities. Here is one more indication that the modern State machine is not so much a system of co-ordinated cogs as a series of vicious circles, for the expenses of Government departments are already due in large part to the fact that the earnings of the individual are less than would allow him to spend his money wisely and at choice upon commodities. State economies now mean a further decrease of purchasing power among the people. So the incentive to thrift and the capacity for savings, both of them essentials of family husbandry, are weakened, and successive failures in family husbandry pass the burden on to the State, which thus becomes a distinct and separate institution, too expensive as regards the taxpayer, too powerful as regards the citizen, and increasingly destructive of the family unit, which it must treat impersonally as a collocation of individuals.

Nevertheless, it is true that the State must economize at this juncture. It is also true that wise expenditure upon commodities must be encouraged, so as to keep the largest possible sums of money in active circulation. It is true, again, that thrift in family husbandry must be fostered in order not only that the family unit may be preserved, but also that it may be given moral security and moral status. We have reached, then, the cross-roads where the industrial community stands at the present day.

Either the initiative in saving and the initiative in spending must come entirely from the State, depriving the citizen of responsibility and therefore of status; or else a much greater measure of initiative over both departments than he possesses at present must be restored to the citizen. Surely the clear solution is to rebuild the economic order from below, so as to bring back reasonable

self-sufficiency to the family unit and to local areas, in that way reducing the expenses which fall upon the State and allowing money to flow more freely in local areas.

The difficulty is that although savings are still possible in the industrial community, they cannot easily be made to circulate in a manner which will be of benefit to local areas. The savings of the poor man now are either hoarded without use, or else they are entrusted precariously to slate clubs for wise or unwise Christmas spending in the future, or else they are put into the Post Office Savings Bank, whence they disappear from the neighbourhood except by very indirect return through State expenditure. However much is contributed by the working population to one form of insurance scheme and benefit society or another, the fact still remains that this money has no local productive use and that control over what use is given to it passes out of the saver's hands.

More than that, credit is almost unobtainable by the poor, no matter how honest they may be, with the result that they cannot begin to better their condition; and they may easily fall into worse difficulties through the evil opportunities which are offered them to borrow from usurers at rates exceeding the statutory maximum of 48 per cent. The description by Giustino Fortunato of the poor man of the nineteenth century still holds true: "He has no credit because he is destitute; and he continues destitute because he has no credit; and so he moves on hopelessly in the same vicious circle, from which there is no way of escape." How near to utter destitution are great masses of our people, how ill able they are to save or to use money fruitfully, how ironic, for them, is the gospel of wise expenditure, are well described in Lord Passfield's foreword to a recent book on co-operative banking:*

> Almost every family in the poorer half of any modern community finds itself occasionally needing, suddenly and

* N. Barou. "Co-operative Banking." (P. S. King & Son. 15s. net.)

> unexpectedly, to incur thoroughly justifiable expenditure which it is impossible to meet out of the weekly income. Putting aside any question of extravagance or self-indulgence, there are a whole range of cases in which such expenditure may almost be called necessary. There are the incidental costs of illness or of accidents; there is occasionally a real need to take a journey to another city; an obligatory removal of the household to a distance may be nearly as expensive as a destructive fire; there may be actual losses of "the week's money" by accident or theft; some member of the family may be summoned for a petty misdemeanour, or arrested, on suspicion of having committed a crime, when the engagement of a lawyer becomes almost a necessity, whilst if a fine is imposed and no time is allowed for its payment, it may be that only borrowing can save a son from making disastrous acquaintance with a prison. Young people leaving home for employment require at any rate some outfit. In short, quite apart from funerals and marriage feasts and from every kind of personal extravagance, there are any number of liabilities or obligations to upset the family budget, disposing only of one to three pounds, or of five to fifteen dollars a week. How urgent and how catastrophic may seem these liabilities—amounting in each case only to a few pounds—is quite inadequately appreciated by those who have never known what it is to live for years together without even possessing so much as five pounds in the world.

But even here Lord Passfield mentions no more than situations where the use of savings or credit in local areas would be remedial in effect. There still remains a far more important class of everyday occasions where they would be productive. As an example, the need for credit is shown by the large numbers of small tradesmen who resort to professional moneylenders when they have to lay in stock for the holiday seasons. Or there are occasions when a father needs accommodation if he is to give his son a technical training. Or there is the unemployed man who could better his position if he only had the initial capital to stock a barrow or a coffee-stall, or to buy the tools of his trade.

It is clear that credit must be made more democratic if ever we are to restore purchasing power among the people. It must of its nature be democratic, for after

all we cannot expect credit, or security, at the peak of the economic order if there is no credit, or security, among the labouring masses upon which it rests. We cannot expect money to flow freely in local areas while all the small savings of the people are passing out of local areas into large accumulations elsewhere, such as the building societies, the Consumer's Co-operative Movement, the Post Office Savings Bank, and War Loan provide; and all the time that this process is going on, this process of canalizing money and credit instead of watering the whole ground with it, the ordinary sources of small credit are rapidly drying up. The banks will not allow overdrafts even as readily as they once did. Loan societies and other authorized agencies demand a security which is more and more difficult to find. The Post Office Savings Bank, that fund now rapidly increasing because money withdrawn from industrial securities is being added to it, forgets that, as the banker, Sir John Lubbock, long ago declared in the House of Commons,* " banking business consists of different parts. One is to collect funds paid into the bank, and the other—an equally important duty—is to lend money out to customers on favourable terms. But the result of these banks is to drain enormous sums from different localities in the counties, and to bring them up to London to be invested in Government securities." And Sir E. Brabrook, as Chief Registrar of Friendly Societies,† stated ten years later that " ordinary savings banks he could look upon merely as infantile efforts in thrift." He " regarded a person who deposited his money in a savings bank, so that it should be kept safe for him by someone else, as very much less worthy of encouragement than a person who used his savings in some way in co-operation with other people for his own benefit and for the benefit of others. He did, therefore, not look upon the progress of

* Hansard, August 16, 1887. Vol. 319, p. 822.

† " Journal of the Royal Statistical Society." June, 1897. Vol. 60. Part 2.

savings banks with unalloyed satisfaction, but only as one step on the way to self-help."

Here the registrar was referring to an alternative policy which was often actively debated during the second half of the nineteenth century: the policy to allow the initiative in saving and in spending to rest more largely with the people, so that savings could be used remedially and productively by the working classes on their own responsibility; so also that credit should flow freely among the poor. This alternative policy was to be expressed by the encouragement of local co-operative banks, which were already successful in Germany under the leadership of Schulze-Delitsch and Raiffeisen, and in Italy under Luzzatti and Wollemborg. Since the beginning of the present century they have had an astonishing record of success in countries so dissimilar as Belgium, Japan and Canada. Since the beginning of the present crisis they have become of first-rank importance, under the name of Credit Unions, in the United States, for they have prospered just in proportion as ordinary banks have failed.

It is interesting to notice that this same system of co-operative credit was introduced by our Administration, with the enthusiastic sanction of Whitehall, into British India, to ameliorate the economic position of the Indian peasant.* The good results which it has shown in British India are quite remarkable, as our registrars frequently testify; but in England the opposite policy of canalization became established in 1863, when Gladstone set up the Post Office Savings Banks, and it was confirmed during the Great War when the State had to lay hands on every possible penny of the people's savings for the necessities of the moment. But if the first results of our domestic policy seemed successful, the ultimate results have been disastrous; we have fallen into the habit of fearing to trust the people with responsibility

* Henry W. Wolff, "People's Banks," 1919. Also, C. F. Strickland, "Co-operation in India," 1928.

for the use of their own savings; we have been forced therefore to let the State take over the expenses connected with that responsibility, and we see trade as well as politics suffer no less from the irresponsibility of the people than from their lack of opportunity to make productive use of purchasing power.

Co-operative credit may rightly be called creative thrift. The unit for a co-operative bank is any group which has a common purpose in some local area—the members of a police division, the employees of a factory, the inhabitants of a village, the people of a parish church or chapel, the staff of a large railway station, the small shopkeepers of a certain area, the assistants of a large store—wherever there is a community bond and the opportunity for character to be recognized. The basis for membership is honesty, not capital, and the members contribute out of their earnings whatever sums they can afford for the purchase of ten-shilling shares. A man saving one shilling a week buys a share in ten weeks; if he saves two shillings a week, he buys two shares in ten weeks. From their own members they elect committees of management, of loans, and of audits. The treasurer, elected out of the first committee, acts as liaison officer between the three committees and with the members, while the audit committee has supervision over all accounts on behalf of the members.

The common pool created out of these savings is used by the members as a source of credit. The small shopkeeper, for instance, who has often had to borrow at high interest for the Christmas rush, now approaches the loans committee and explains his necessity. If the loan is granted to him—an easy matter as soon as the bank has passed through the stage of infancy, for its whole policy is not to hoard the fund but to keep it in circulation—he pays back in instalments, week by week, paying in addition a small sum of interest on the amount of the loan outstanding. He may borrow £20, to be repaid in instalments of £1 a week, at an interest rate

of 1 per cent. per month. For the first month he pays interest on £20; for the second month on £16; and so on. The whole sum is repaid in five months, the total charge in interest is only twelve shillings, the money has come back rapidly to be loaned out again, and, finally, the sums accruing from the payment of interest are distributed at the end of the year as dividend on paid-up shares, except for an agreed percentage which is put back to reserve.

It will be seen from this one example of a productive loan that the co-operative bank provides not only a system of thrift, but also an incentive to thrift, because it provides as well a solution to short-term credit problems. It operates with minimum expense, for there are no salaries, and the only overhead charges are for ledgers or pass-books. It ensures the rapid circulation of small savings in local areas. It provides its members with real experience in banking practice. It promotes neighbourliness in a community which now has a common financial reserve for the benefit of all its people. It operates with security, for there are automatic checks upon peculation, while a run on the bank is a run on the whole community. It attacks the unproductive exercise of usury among the poor. It assists small tradesmen and craftsmen, directly by loans, indirectly by increasing local powers of consumption. It serves remarkably the moral purpose of reforming character, for the security exacted for a loan need be no more than the member's promise to repay; but admission to membership rests upon a man's reputation for honesty among his neighbours. It fosters responsibility, for no outside person may have any control over a co-operative bank; the officers are accountable to the members at the general meeting, where each member has one vote irrespective of the size of his holding in shares.

The reason why this system, so successful elsewhere, has not so far been more than tentatively (sometimes illegally) tried in England is not because of opposition

from the larger banks. An extension of the method would be all to the favour of the banks. For convenience, the funds of a co-operative credit society may be banked in the usual way, loans are paid out by cheque, and the reserve is deposited. No, the reason for the deliberate restriction of co-operative banking lies in the opposite governmental policy that the State shall have initiative over the use of the people's savings. How far this policy was deliberate may be seen from the reflections of W. E. Gladstone, when he looked back upon the creation of the Post Office Savings Banks as one of the great legislative acts of his career. His motive for that measure was not, as he said in public, to encourage saving among the people but rather, as he confessed in a private memorandum :*

> It was an object to me to get this bill passed *sub silentio*, a full statement of my expectations from it would have been absolutely fatal. I admit they have been more than realized . . . It was necessary to provide for the savings of the people with (*a*) safety, (*b*) cheapness, (*c*) convenience. The banks *cost* money to the State. The Post Office Savings Banks bring in a revenue. Behind all this I had an object of first-rate importance, which has been attained, to provide the minister of finance with a strong financial arm, and to secure his independence of the City by giving him a large and certain command of money.

In the year 1932 it would be difficult to say that governmental independence from the City has in fact been attained, but meanwhile the success of co-operative banking has been frustrated. Although the efforts of men like Wolff, Brabrook and Plunkett ensured that by special authorization under the Friendly Societies Act, and by the Societies' Borrowing Powers Act, co-operative credit was made just possible for our working population, its actual exercise was so hedged about by restrictions and formalities as to discourage enthusiasts in the initial stages. On August 15, 1917, however, even this special authority

* John Morley, "Life of Gladstone," Vol. II, p. 52. 1903. *See also* Vol. I, p. 650.

was restricted by the Treasury to societies formed for the purposes of agriculture, arboriculture or horticulture.*

It may be that the necessities of war demanded the restriction of efforts already sporadic which diverted savings from one single effort, but now it is exactly the economic war upon which we are engaged, and another strategy is demanded. The general policy of amalgamating national savings has produced in large part the situation where we at present find ourselves. Is it too much to ask that this policy should at least be reviewed in the light of the industrial depression and of the success which has attended co-operative credit in the United States within the last two years under conditions not unlike our own?

Is it too much to hope that we may reverse the present processes of concentration, by the positive act of encouraging creative thrift among the people, rather than confine ourselves to the negative expedient of reducing destructive expenditure among the departments of the State?

* "The Guide Book of the Registry of Friendly Societies," section 764, 1925.

LITERARY SUPPLEMENT

Edited by **HERBERT AGAR**

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Literary Notes

By Herbert Agar

Scholarship Gone Sour

"IF The Blind Lead," by M. Alderton Pink (Benn), treats an important subject with a rare and reassuring thoughtfulness. It is obvious that Mr. Pink knows, and has considered, the facts and beliefs which go counter to his conclusions, and this gives the book an ingratiating quality, even for the reader who disagrees.

Mr. Pink starts from the assumption that political democracy is proving a failure, and that, in consequence, there is a drift toward an undesirable form of autocracy. "The ideal," he states, "is an aristocracy of intellect"; and "If the Blind Lead" is a discussion of the question "whether we can by deliberate effort secure government by the fittest." This leads to a criticism of our present system of higher education, and especially of that most forlorn of modern manias—the research activities of post-graduate students in the humanities. Mr. Pink gives a temperate but deadly description of the system which encourages men and women to produce dissertations on such subjects as the use of colour adjectives by Corneille, thus qualifying to spend the rest of their lives in drawing the family trees of medieval manuscripts, or in reconstructing the lost sources of forgotten Elizabethan plays. Such "scientific scholarship" is a disease which

students of history and letters have caught from their *confrères* in the laboratories, and Mr. Pink rightly insists that it is a wicked waste of talent in a world which has need of trained minds. No one of outstanding creative power would be caught in such a system; but the common run of able and industrious men and women, the class from which Mr. Pink would like to recruit his aristocracy of intellect, is easily ensnared by this difficult, respected, meaningless game. And what is the use of creating more and more opportunities for the ablest youths, rich or poor, to profit by higher education, if the crown of that education is a discipline which tends to turn the favoured few into grown-up children, fiddling nonsensically with their toys while the world that was so mad as to support them goes unregarded to its grave?

Mr. Pink appears to believe that the system can be reformed by calling attention to its absurdities. In this he is perhaps over-optimistic, for the system derives from two of the main features of modern thought: an undue reverence for the methods of the natural sciences, and an absence of standards or convictions. When the "facts" of the laboratory are held to be final truth, and when there is no basis for judgments of value, the collection of oddments of information will naturally seem a worthy task, and the German or American doctor of philosophy will tend to become the ideal of higher education. Before Mr. Pink's aristocracy of intellect can be produced, reform must go further than the university curriculum.

The B.B.C. Mind

AT the opposite extreme from the evils attacked by Mr. Pink is the point of view expressed in the "B.B.C. Year-Book, 1933" (Broadcasting House). The book contains many useful, interesting facts, and is well illustrated; but its chief claim to attention is as an exhibition of the modern mind at its most barbaric.

It is natural that the B.B.C. should be pleased with itself; but no one would have expected this pleasure to

be so extreme as to defy burlesque. "We have here," states the Hand-book, referring to the constitution of the B.B.C., "a new illustration of the singularly skilful manner in which the British race seems to develop the art of government." And again, "the B.B.C. has placed the stamp of reputability and authority on the fact that truth is many-sided." In view of such an achievement as this, it is no wonder that the note of bitterness creeps in when the Hand-book records, of an ungrateful public, that "there still occasionally occurs the unnecessarily extreme and hopelessly contradictory criticism which is of so little help to the B.B.C."

The Hand-book is at its best in the article on the decoration of the studios. "The accumulated rubbish or wisdom of the ages," we are told, "has been washed away, and something which is definitely and entirely new has taken its place." The Religious Services Studio illustrates this "something new." It is "a temple where Catholic and Calvinist, Jew and Moslem, should feel equally at home." It is provided with a "substitute altar," and we are told that "the colour is very happy. The green columns stand out against the pinks of the wall and floor." Doubtless the Moslem finds this home-like, but I cannot help wondering about the Calvinist.

The B.B.C. is kind even to the least worthy members of the public. "As a concession to the conservatism and weakness of human nature," says the Hand-book, "it was decided by the authorities that one of the talks studios should be definitely traditional in flavour. It was feared that elderly dons and clergymen, so far from being stimulated and put at their best by the naked simplicity of functionalism and metal furniture, would be definitely frightened of it. So a little library with every sham which could be crowded into so small a space was devised for their comfort." The B.B.C. should ask itself whether it is not merely sentimental to pamper these dons and clergymen, whether it would not be

kinder in the end to frighten them all to death, if they are really unsuitable for a world of metal furniture.

"The Accumulated Rubbish or Wisdom of the Ages"

IN addition to its own inimitable charms, this Handbook is useful as a guide to contemporary thought. For example, in the "Times Literary Supplement," for January 19th, there is a review of "The Lovely Lady," by D. H. Lawrence, wherein is quoted (apparently with approval) the following sentences: "He no longer fretted whether it were good or not, what he produced. He slowly, softly spun it like gossamer. . . . It was only the soft evanescence of gossamer things which now seemed to him permanent. The very mist of eternity was in them. Whereas stone buildings, cathedrals for example, seemed to him to howl with temporary resistance." If the reader is puzzled as to what truth or beauty this passage contains, he should reflect that here, too, "the accumulated rubbish or wisdom of the ages has been washed away," here, too, is "something which is definitely and entirely new."

Some New Novels

IN "The Prodigal Father" (Dent), Mr. Richard Church has written his best novel. It has been his tendency, in the past, to under-write his subject, to carry quietness and restraint to the point where they tend to defeat their own purpose. In "The Prodigal Father," he has let himself go, showing a new power to create dramatic incident, and increased strength everywhere.

Mr. William Faulkner is one of the best known of the young American writers. His new book, "Light in August" (Chatto and Windus), has all the repulsive qualities that his public has learned to love. It is what is known as "powerful" and "courageous."

In "Death in the Afternoon" (Cape), Mr. Ernest Hemingway has written a genuinely interesting book. His chief theme is bull-fighting, and, at least to an

outsider, he seems to have a genuine intuition of the meaning of this spectacle, and hence of certain aspects of the Spanish character. Incidentally, Mr. Hemingway has included some short stories, a statement of his own literary credo, and *obiter dicta* on a wide range of subjects. It is a book that would make many people feel squeamish, and it is not important; but it is interesting, and sometimes exciting.

Matthew Arnold and Arthur Clough*

By Hugh Kingsmill

THE letters of Matthew Arnold to Clough, now published for the first time by Professor Lowry, cover a period of about sixteen years, from March, 1845, just after Arnold had taken his degree, to July, 1861, a few months before Clough's death.

Professor Lowry's explanatory notes to each letter are very good; they show not only an exhaustive knowledge of Arnold's life and writings, but also a wide acquaintance with the history and literature of the period. Seventy-five persons, including members both of Arnold's family and Clough's, are named by Professor Lowry as having assisted him in his task; but the seventy-sixth person, who could have warned him against the blasphemy of referring to Winchester as "a school at Winchester," was lacking. There is another slip, of small importance, "Bhunlis Alp" for "Blumlis Alp."

In one of his notes, Professor Lowry, referring to Arnold's habit in his earlier letters of calling Clough "my love," says that it is "a curious expression," and

* "The Letters of Matthew Arnold to Arthur Hugh Clough." Edited by Howard Foster Lowry, Professor of English in the College of Wooster. (Oxford University Press. 7s. 6d.)

implies that it might be more fittingly used to a girl. The expression would seem to be taken from the German, in which language it is in place between men. But it reads oddly in Arnold's letters, and is a symptom, though a trivial one, of his disturbed condition between Rugby and his marriage in 1851. At Oxford he did little work. Clough took him in hand, and carried him off to the Lakes to read in undistracted peace. But "Matt," Clough writes, "has gone out fishing, when he ought properly to be working . . . it has, however, come on to rain furiously, and I rejoice to think that he will get a good wetting." Clough, a few years Arnold's senior, never relaxed from the high standard of duty inculcated by Dr. Arnold, but Matthew Arnold passed through a period of half-hearted rebellion against his father. This revolt, which can be inferred from his poetry and other sources, is also illustrated in these letters. "But, my dear Clough," he writes, in the opening letter of Professor Lowry's collection, "have you a great Force of Character? That is the true Question. For me, I am a reed, a very whoreson Bullrush . . ." The orthodox partisans of Matthew Arnold, who are all drawn from that academic type which mistakes a weak stomach for a fine palate, resent as bad taste the suggestion that Arnold was both oppressed and warped by his father's influence, and would dismiss the quotation just given as unimportant banter. Professor Lowry, perhaps hampered by the necessity of keeping his followers in good humour, for to have seventy-five assistants in a literary undertaking is to limit one's freedom like any chief of a political party, is very bitter about critics of Dr. Arnold. "To many modern tempers," he writes, "lusting for free expression and impatient of inhibitions earthly or divine, there is something unpleasant and pitiable about this man who 'carried his sheep in his hand.'" May one suggest to Professor Lowry that to regret the influence of an honest but narrow-minded, unimaginative

Evangelical on a sensitive poetic spirit does not necessarily imply a savage antinomianism?

The letter in which Arnold calls himself "a very whoreson Bullrush" shows considerable humour. He was twenty-two when he wrote it, and open to a variety of influences, Carlyle's, George Sand's, and Shakespeare's. But that deep depression which underlay all his mature work, and which can only be explained as due to the unresolved conflict between his naturally poetic temperament and the influence on his early years of his father's strong personality, soon reveals itself in these letters. There is one of extraordinary interest which he wrote to Clough from Switzerland in 1848. He begins by saying that he is on his way to Thun, where he will "linger one day at the Hotel Bellevue for the sake of the blue eyes of one of its inmates," an obvious reference to Marguerite. Later on, he refers to "the vulgar Byron," and expresses his weariness of Béranger. "I am glad to be tired of an author," he says: "one link in the immense series of cognoscenda and indagenda despatched. More particularly is this my feeling with regard to (I hate the word) women. We know beforehand all they can teach us: yet we are obliged to learn it from them."

Arnold was only twenty-five when he wrote in this strain, an age when to the normal man every passion seems eternal, and the slightest diminution of a passion terrifies, because it is a reminder that this life is lived in time, not in eternity. Yet Arnold is already so dejected and disillusioned that he actually welcomes as a relief the fading of love, whether for a poet or a woman.

Another sign of the unresolved conflict in a nature which, if unwarped, would have been very sympathetic, is the frequent harshness of his tone in these letters. Charlotte Brontë's "Villette" is "a hideous, undelightful, convulsed, constricted novel"; Thackeray's novels are "most un-heaven-born productions"; Emerson is "very thin and ineffectual, and self-defensive only"; Carlyle is "a moral desperado"—an excellent phrase, by the

way. For Tennyson's "productions" he cares less and less, which is the more severe because there is no evidence that even to begin with he felt anything but distaste for them. Francis Newman is "this beast."

That this acerbity is not a phantasmal illusion bred in the minds of post-war antinomians is, if not evident in the quotations just given, placed beyond dispute by the distress which it caused to Arnold's friends. Shairp wrote to Clough in 1853: "Mat, as I told him, disowns man's natural feelings, and they will disown his poetry." But of Clough himself, Shairp says: "tho' in theory you maintain the contrary, yet in fact 'the great human heart' will out, and you can't hinder it." Clough, in fact, because he was naturally a moralist, was far less harmed by Dr. Arnold than Matthew, who was naturally a poet. One gets a delightful impression of Clough from these letters. His affection for Arnold was more spontaneous than Arnold's for him, and Arnold himself, in answer to a letter in which Clough regretted a growing estrangement between them, wrote of Clough's "genuineness and faith as compared with my own—not want of faith exactly—but invincible languor of spirit."

Yet Arnold had not only a finer mind than Clough, he had also greater depths of feeling. It is doing him no service to pretend, in contradiction of what he himself confesses in these letters, and has revealed in his poetry, that he lived a happy, unhampered, undivided life. It is only when his intellectual and his emotional embarrassment are fairly admitted that we can do justice to his achievement as a solvent of Victorian stupidity in his prose, and fully appreciate the tenderness and pathos of his best verse.

The Prince of Hearts

BONNIE PRINCE CHARLIE. By CLENNELL WILKINSON. (Harrap. 8s. 6d.)
PRINCE CHARLIE. By COMPTON MACKENZIE. (Peter Davies. 5s.)

AT this time of day two more books about Prince Charles Edward might well seem unnecessary, but a glance into the

present volumes is sufficient to prove that they are in no way redundant. Though both authors have, of course, the same story to tell, they have approached their subject from a different angle, and it is no exaggeration to say that the two works are complementary.

Mr. Clennell Wilkinson's biography is masterly. He has that gift of vivid writing, though without departure from the truth, which is required if full justice is to be done to the Forty-Five, and the result is a book that must appeal to the general reader and to the historian alike. Particularly good is the account of the military operations, which are carefully described, and may be said to be related intelligibly for the first time. Mr. Wilkinson has clearly drawn upon his personal experience of warfare, and his volume is the better for it.

The author rates the Prince a better general than Lord George Murray, for all the latter's tactical ability, and he shows how Lord George's leadership resulted in every victory being followed by a retreat. He has also (and rightly) no doubt whatever that had the advance from Derby been continued, King James III would have regained his throne; while the changed attitude of the Jacobite forces after the fatal order was given is admirably conveyed to the reader.

Mr. Compton Mackenzie writes as a legitimist and as a Scot. He is provocative on occasion, but although some of his sallies may disturb the complacency of those nourished in the Whig tradition, they have much truth in them. He turns a very powerful searchlight upon that over-rated individual, Forbes of Culloden, and shows the latter in his true colours as the enemy of his country. In fact, in these pages the war is boldly carried into the enemy's camp, and the failure of the Forty-Five is shown for what it was, one of the great tragedies of modern history.

It is true that neither Mr. Wilkinson nor Mr. Mackenzie has anything new to tell us about the Prince, for the simple reason that there is nothing new to know, but they have done what both Ewald and Andrew Lang signally failed to do, that is to say, they have shown us the Charles Edward who won the hearts of the Highlanders. How great his personal influence was can best be gauged by what was effected with the scantiest of resources, and by the fear that he inspired in the Elector and his ministers until the very end of his life.

Jacobitism was certainly romantic, but it was a great deal

more than a mere romance, as these two volumes clearly prove. There is a lingering fragrance of white roses among their pages, but there is also an account of a heroic attempt which, had it succeeded, would have left us with a happier England to-day. The men who died at Culloden, and the Prince who led them, were fighting for a cause, the cause of the nation against the factions, of the monarchy against the politicians, for which battle must one day be done again if our country is to survive. In these circumstances the present works are at once a lesson and an inspiration. CHARLES PETRIE.

A Soldier's Record

A PASSIONATE PRODIGALITY. By GUY CHAPMAN. (Ivor, Nicholson and Watson. 7s. 6d.)

MR. EDMUND BLUNDEN'S classic of the war, "Undertones of War," has obviously been taken as a model by Mr. Chapman. Mr. Blunden opens his book with the words "I was not anxious to go," and on page 1 of "A Passionate Prodigality" Mr. Chapman says, with equal sincerity, "I was loath to go." There are any number of other similarities—the most notable being excellent and restrained writing, remarkably acute observations of the characters and actions of men, and very accurate descriptions of regimental life in France both in and out of the line. The highest tribute that any soldier whose experiences were much the same as Mr. Chapman's can pay to this regimental record is this: that it recalls with absolute truth all the old facts of life in the front line, and some, but not enough, behind the line; and, above all, conveys as well as any book has yet succeeded in doing—that splendid spirit of comradeship which alone made the war endurable to front-line men with any great length of service. All soldiers who "stuck it," as the phrase goes, will be grateful to Mr. Chapman for the sane frankness with which he expresses what they all felt and knew to be true about such things as courage, boredom, the strength and weaknesses of men under fire, the blunders of senior officers on the staff and in the line, the devotion of men to their own units, and many other facts about the unforgettable years.

They will realize that the author is no sentimentalist, and has nothing in common with those writers on the war suffering from the foulest of all diseases—self-pity. He makes no pretence to

have enjoyed the war, but at the same time he knows the real truth about war when he says, in a fine passage, " No lover can offer you softer caresses, more exquisite tortures, such breaking delights. No wine gives fiercer intoxication, no drug more vivid exaltation. Every writer of imagination who has set down in honesty his experience has confessed it. Even those who hate her most are prisoners to her spell."

Such frank recognition of the truth, typical of the best parts of the book, will ensure it a wide recognition as an excellent autobiographical record. But, like " Undertones of War," Mr. Chapman's book only gives the story of a period and from the officers' point of view. There is still to come the inspired autobiographical record of the soldier who started in the ranks in France in 1914, was commissioned, and endured to the end. Such a record would contain more descriptions of the actual fighting and a great deal more about the humorous and human side of the great adventure than are to be found in either " Undertones of War " or Mr. Chapman's book.

FREDERICK HEATH.

Pepys

LETTERS AND THE SECOND DIARY OF SAMUEL PEPYS. Edited with an Introduction by R. G. HOWARTH, B.Litt., with 16 contemporary portraits and views. (London: Dent, 1932; xxiv + 456 pp. 7s. 6d. net.)

ALL readers of the short-hand diary will remember the pathetic entry on the last page (May 31, 1669) when Pepys, thinking that he was going blind—it was fortunately only astigmatism which changed in normal course to short sight in middle age—resolved that he would henceforth " have it kept by my people in long-hand, and must therefore be contented to set down no more than is fit for them and all the world to see. . . . I must endeavour to keep a margin in my book open, to add, here and there, a note in short-hand with my own hand." This project seems, however, to have come to nothing: we have no record of any further day-to-day journal, nor is there any trace of it on the shelves of the Pepysian Library at Magdalene College, Cambridge. The *Second Diary*, here reprinted, is the journal (July 30, 1683–March 29, 1684) of the expedition to Tangier, which he accompanied, to destroy the fortifications: the place had come to us as part of Catherine of Braganza's dowry,

but we could not accept it as a permanent possession, and we were obliged to dismantle and abandon it.

This journal has not been reprinted since its first publication in 1841, and Mr. Howarth has accordingly paid some service to history and to Pepysian memory in this volume; but, unfortunately, there is still much to do in connection with it. It was first published by the Rev. John Smith, the original transcriber of the short-hand diary; and though he was an excellent decipherer, his version having been much deformed by subsequent editors, Lord Braybrooke, Mr. Mynors Bright, and Mr. Wheatley, his edition of the Tangier journal is a sad patchwork, made up of all sorts of scraps, and indeed very far from a true representation of the original. It will be necessary to decipher this again from the Bodleian papers, and to this extent Mr. Howarth's work is only a stop-gap. His "Facsimile of two pages of the second diary," facing p. 384, is evidence enough of the short-comings of his printed text; and while we are glad to have reproductions of Hollar's two engravings, of "Tangier from the Bay" and "Tangier from within the Walls," it is a pity that he did not use the two drawings in the Pepysian Library, the one showing Tangier as the British fleet sailed in, with the fortifications intact, and the other showing the scene of desolation after the dismantling and explosions, as they sailed away.

The collection of Pepys's letters is much more satisfactory, and Mr. Howarth has fulfilled the promise made in his preface:—

> The emphasis in this selection is naturally on the side of Pepys's private interests, and not of his official transactions. Of particular value is the exchange of letters between Pepys and Evelyn, fellow-virtuosi and fellow-diarists. For the first time these letters have been collected, as fully as Evelyn's discursiveness would permit. In like manner the correspondence with Dr. Arthur Charlett, so illuminating for Pepys's last years, has been brought together. On the other hand, less attention is here paid to the long discussion of the second sight, and to the travels of John Jackson, which the seeker may find in full in Dr. Tanner's volumes.

There is, however, one point on which I am inclined to join issue with Mr. Howarth. He accepts the conclusions formed by Mr. James Hanford in his article "Pepys and the Skinner Family" (*Review of English Studies*, VII, 1931, p. 257) that Mary Skinner, who entered Pepys's service soon after Mrs. Pepys's death, was not long in becoming his mistress, and was regarded

by his friends as his wife in all but name. I have been through the evidence with care, and I am bound to say that I think that we must bring a verdict of "not proven," and that there is nothing to show that she was anything more than what the French call a *gouvernante* in a widower's household. Mr. Howarth says that "the proof is in the Latin letter written by her brother Daniel to Pepys about July 5, 1676"; but this "proof" seems to me to rest on a serious mistranslation by a friend of Mr. Hanford's: for the words "that in the course of the relations which took place between you, you violated my sister" do not in the least represent the original, *ex isto commercio quod vobiscum intercessit Sorori meae.* There is no doubt that Pepys was constantly plagued by Mary Skinner's tiresome brothers and other relatives for assistance, and that he exerted himself to no small extent on their behalf; that Pepys's correspondents often sent their compliments to her and treated her with much respect; and that he did his best to provide for her financially at his death; but I see nothing in this inconsistent with the perfectly innocent relationship suggested above. That is all that can be said. She *may* have become the *maîtresse-servante*, but I think we are very far from conclusive proof.

I do not wish to end on a note of criticism. Mr. Howarth has produced a most serviceable volume, published at a remarkably low price, which is really indispensable to Pepysian students; and both this narrower circle and all those interested in the seventeenth century in England owe him a very genuine debt of thanks.

STEPHEN GASELEE.

Memories and Middles

THOUGHTS AND ADVENTURES. By the Right Hon. WINSTON S. CHURCHILL. (Thornton Butterworth. 18s.)

MR. CHURCHILL is a fine journalist, and would have made a glorious war correspondent if he had only stuck to that line of work. In this book of collected essays and narratives he displays all the high qualities required for distinction in those professions. Here we find simplicity combined with a strong command of language and phrase. We find keen observation and accurate memory, a courageous and enterprising spirit, and, at the same time, deep seriousness and a power of interesting reflection. What we

should not expect to find is a readiness to confess mistakes; yet now and then it appears. He confesses he ought not to have gone in person to "The Battle of Sidney Street," and that he ought not to have gone to Antwerp at the beginning of the war, where his presence could do no good, and when his absence from the Admiralty might have been disastrous.

For brilliance of narrative I should choose his chapter on "The German Splendour," describing the imperial manœuvres in 1906—one of those grandiose and simple-hearted displays which we used to witness with amazement while the Kaiser, always a boy at heart, still revelled in artificial field-days, with massed troops moving about in blocks, and cavalry charging shoulder to shoulder, the Kaiser at their head, exhilarated by the sense of martial triumph, as though he were Napoleon charging with the Old Guard. How great was the change that Mr. Churchill observed three years later, when his generals had begun to teach their master the seriousness of modern war!

Almost equally vivid are the accounts of the various parts that Mr. Churchill himself played in the war when it came, whether at the front in France or in the deliberations of generals and statesmen. Especially one should notice his descriptions of Foch and Clemenceau, whom he selects as the two heroes of the war on the French side. But to myself there is more personal interest in "The Irish Treaty," the chapter telling of the skill with which the difficulties of 1921 were at last surmounted in a solution which nearly all of us welcomed with joy as the end of the age-long warfare between two neighbouring peoples. That chapter is full of wise reflections upon the different qualities required for war and the conclusion of peace, and the same kind of wise reflection is carried forward in the concluding chapters on "The Mass Effects in Modern Life," "Fifty Years Hence," and "Shall we all Commit Suicide?" The whole book reflects the character of a fine, impetuous, variegated personality, at bottom serious and thoughtful.

HENRY W. NEVINSON.

Study of a Rebel

CARLYLE. By LOUIS CAZAMIAN. (Macmillan. 12s. 6d.)

IN this book, ably translated by Professor E. K. Brown, the author aims to interpret Carlyle as an entity: "the unity of an eminently forcible character, the substance of an influential

body of thought, the common spirit and design running through its various parts, the individual accent of the voice that proclaimed it." Such a study was needed, such has been made with skill, sympathy, and a delicate acumen. Sympathy was necessary in the portrayal of this rebel, proud, and always rather lonely; of this wrathful prophet, revered by the age that he denounced; of this thinker, powerfully influenced by German philosophy; this moralist, formed by a Puritan upbringing.

Much could be said about the style of this vital and volcanic writer, whose share in the development of modern terseness, laconicism, and unlinked composition has never before been rightly appraised. But more interesting to us is Carlyle the prophet. From the testing of time he has emerged with credit, and in no respect more than in his assertion that courage and the ability to work, that strong purpose and the willingness to make sacrifices, would always be needed; that no prosperity, however great or however durable it might seem, justified mankind in presuming that the future would be bright. As early as 1829–31, in those two apparently contradictory polemics *Signs of the Times* and *Characteristics*, he criticized contemporary life. In the former he vehemently attacked the wide-spread and increasing mechanism of the age, for by it he found civilization undermined and misguided, morality and society unprofitably disturbed; whereas in the latter he ascribed a new ethic and a new consciousness as the causes of that disquiet. But the contradiction is merely verbal, for by *mechanism* Carlyle understands that kind of intelligence which arranges materials, either physical or mental, just as by *mechanist* he implies a man of affairs or a rationalist (even any rational) philosopher; this is one of his basic concepts.

In *Sartor Resartus*, where a tendency to burble is redeemed by sardonic humour and a flaming lyricism, Carlyle established himself as a prophet, and although he was to become more consistently and more persistently prophetical, he never, in social prophecy, surpassed this strange book. In it he adumbrated " the Church of Letters," whose undogmatic priests are the thinker and the writer. For the next ten years he " elaborated his prophetic creed," and after 1845 he repeated the old themes with structural and stylistic, but not with intellectual variations. Like an Old Testament prophet, he reminded his contemporaries of the unchanging fact that evil produces either evil or misfortune,

and even when he wrote history he prophesied "in the past tense."

Perhaps he prophesied so freely and so often correctly because his was a genuine utilitarianism—that "of the will and the instincts, not that of the understanding." ERIC PARTRIDGE.

Two Good Novels

POCAHONTAS. By DAVID GARNETT. (Chatto and Windus. 8s. 6d.)
ANN VICKERS. By SINCLAIR LEWIS. (Cape. 7s. 6d.)
THE BULPINGTON OF BLUP. By H. G. WELLS. (Hutchinson. 8s. 6d.)

NOVELS are regarded either as an escape from one's own reality, or as a short cut to a wider reality. In either case, the *sine qua non* of a good novel is the power the author has of making his story as actual and as absorbing as one's own affairs. Two of these three books have that rare quality, which is so extremely rare that they can be recommended without reservations. The third, Mr. Wells' "The Bulpington of Blup," hovers constantly on the verge of reality and never achieves it.

The trouble with Mr. Wells' book is the hero by which it must stand or fall, and the confusion of thought which produced that hero. Theodore Bulpington does not exist. He is at worst a life-like figure for Mr. Wells' skilful showmanship. At best—in the brilliant last chapter—he acquires the dim reality of a person who has been completely misinterpreted by his biographer.

There are three Theodores. First, his own phantasy-picture of himself—The Bulpington of Blup, intrepid, gallant, honourable. The second is the man himself—a *poseur*, a liar, a coward. The third is the man the world sees—an ordinary person with ordinary talents. If these three Theodores had come together into one personality, they would correspond to three levels of existence in everyone.

But Theodore is not a real person. In what purports to be a complete analysis of his life, there is no relationship suggested between his environment, or the things that happen to him, and his appalling lack of character. From childhood to middle-age he does not develop at all—he simply acquires new material for his posturing, and new people as audience. He is not a personality, because there is no reason for his being what he is. In fact, Mr. Wells seems to regard him as self-explanatory—and therefore typical. Typical of what, then? The story alone can supply the

answer, and the answer is that Theodore is typical of everyone who conforms to the conventional social virtues; typical of everyone who refuses the path of clear-eyed science and Socialism.

The confusion of thought here lies in the assumption that because the social virtues must be acquired painfully, in order that the individual may respect himself in terms of the ideals of his own world—because virtue is in this sense *unnatural*, it is therefore hypocritical. Many people seem to believe this, never stopping to consider that whatever one's opinion of the peculiar ideal of any society, the desire of the individual for perfection in some terms is an abiding factor in human nature. The hypocrisy of Theodore is palpable. But Theodore is only an artificial construction, because there is no connection whatever between the picture he has of himself and the cad that he is.

Like all Mr. Lewis's protagonists, " Ann Vickers " is ordinary enough to be typical, and enough differentiated to be interesting. Unlike " Bulpington," she is all of a piece with humanity, and all of a piece with her own *locale*. She develops, yet she remains recognizably herself. Mr. Lewis has a genius for capturing the recalcitrant reader's interest and fastening it on dull, ordinary, and unpleasant people, so that the dull people suggest exciting ideas, the ordinary ones create drama in our minds, and the unpleasantness becomes as painfully explicable to the reader as if it belonged to him—as, indeed, it too often does.

Ann Vickers' story includes her private emotional history and her inter-related public life as a prison reformer. The whole world of " social workers " seems to be in these four hundred pages. Every kind of person walks in and out of the story—all of them illuminated by Mr. Lewis's inimitable satire—all of them compounded of stupidity, ignorance, greed, and vanity—but all of them redeemed by unexpected virtues, by their humanity. The author has no axe to grind. Here is life, he seems to say; take it or leave it. Obviously, we take it.

" Pocahontas " dramatizes the historical conflict between the early settlers in Virginia and the native Indians. Mr. Garnett's calm realism makes the savage and exciting story doubly exciting, and the emotional intensity of his conception is such that reality becomes romance, the land is actual to the senses, the people are —not people we know—but real people among whom we suddenly find ourselves.

" Pocahontas " has that poetic finality which completely

satisfies the imagination. The reader could demand nothing more, nor add anything. Mr. Garnett is here relieved of his earlier artistic necessity—that of trying to universalize a private symbolism. The result is so fine that it promises us what will be in effect a new and important novelist.

ELEANOR CARROLL CHILTON.

Books Recommended

The following is a selected list of books just published or to be published shortly :—

HISTORY.

THE RIVER WAR. WINSTON CHURCHILL. (Eyre and Spottiswoode. 7s. 6d.)
METTERNICH. ALGERNON CECIL. (Eyre and Spottiswoode. 9s.)
THE BIRTH OF THE NATIONS. VALERIU MARCU. (Routledge. 15s.)
GORDON—AN INTIMATE PORTRAIT. H. E. WORTHAM. (Harrap. 12s. 6d.)
GORDON—THE SUDAN AND SLAVERY. PIERRE CRABITÈS. (Routledge. 12s. 6d.)
THE HISTORY OF THE RUSSIAN REVOLUTION. LEON TROTSKY. Translated by MAX EASTMAN. Vols. II and III. (Gollancz. 18s. each.)
CECIL RHODES. WILLIAM PLOMER. (Peter Davies. 5s.)
ST. AUGUSTINE. REBECCA WEST. (Peter Davies. 5s.)
EGYPT SINCE CROMER. Vol. I. LORD LLOYD. (Macmillan. 21s.)

ESSAYS.

A PITMAN LOOKS AT OXFORD. ROGER DATALLER. (Dent. 5s.)
INTERPRETATIONS, 1931–32. WALTER LIPPMANN. Selected and edited by ALLAN NEVINS. (Allen & Unwin. 10s. 6d.)

VERSE.

THE EATEN HEART. RICHARD ALDINGTON. (Chatto & Windus. 7s. 6d.)
URIEL. WILLIAM FORCE STEAD. (Cobden-Sanderson. 3s. 6d.)

FICTION.

A DAY OFF. STORM JAMESON. (Ivor, Nicholson & Watson. 7s. 6d.)
MANDOA, MANDOA. WINIFRED HOLTBY. (Collins. 7s. 6d.)
FAÇADE. THEODORA BENSON. (Gollancz. 8s. 6d.)
WE'LL SHIFT OUR GROUND. EDMUND BLUNDEN and SYLVA NORMAN. (Cobden-Sanderson. 7s. 6d.)
I'LL TELL YOU EVERYTHING. J. B. PRIESTLEY and GERALD BULLETT. (Heinemann. 7s. 6d.)

THRILLERS.

DETECTIVES, LTD. FRANCIS SHELLEY WEES. (Eyre and Spottiswoode. 7s. 6d.)
THE EGYPTIAN CROSS MYSTERY. ELLERY QUEEN. (Gollancz. 7s. 6d.)
THE MUMMY CASE. DERMOT MORRAH. (Faber & Faber. 7s. 6d.)

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◆ ◆ ◆ ◆

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Club Gossip

By Quid Nunc

EVEN if the Irish Hospitals Grand National Sweep is smaller than the corresponding one for last year, the sum total will still be a very large one—in the millions—and the Sweep fever is far from subsiding. For directly the draw for the National is over the sale of tickets for the Derby Sweep will be in full swing, and already preparations have been made on a world-wide scale to see that it, too, will be successful.

There is very little time, comparatively speaking, between the Grand National and Derby Sweeps, not much more than six weeks in all, to sell tickets so that if the promoters are expecting to get two to three million pounds and even more, they have to get a move on.

* * *

MEANTIME we are marking time, waiting for the report of the Royal Commission on Betting, and large sums of money are leaving the country, some of which at least will never return.

I am told America has been a big subscriber to the National Sweep. It always is the case when people are hard up to try a final fling at the goddess of chance.

As one would-be purchaser of a sweep ticket laconically and truthfully said, "What if another pound goes into the bottomless pit? I cannot be worse off than I am at present, and I may, if a winner, be conceivably quite well off." Philosophic, if not economic.

* * *

THE older hands at racing are fond of saying that the standard of horsemanship these days does not compare favourably with that of past years. I doubt it. Present day professionals across country in both Great Britain and Ireland would be hard to beat anywhere else in the world, and we have also a remarkably good lot of amateur horsemen, though possibly they may not be as hard riding a lot as there were a generation ago. And I very much doubt whether the amazing Grand National record of George Stevens, who in 1856 commenced his marvellous series of five victories, will ever be equalled.

* * *

THEN, too, in those days the Church had a number of hard-riding parsons, who were more proud than otherwise of their prowess in the saddle. In the 1860 Grand National, Sir George Wombwell's "Bridegroom" was ridden by a Yorkshire parson who rode under the assumed name of "Mr. Ekard," a quite well-known national and social name of distinction if spelt backwards. To-day, if a parson was to ride one of the horses in the Grand National there is little doubt that some Bishops a many interfering laity would have a good deal to say, but, to tell the truth, there is nothing more wrong in a parson riding in the race than competing in any other form of athletics or sport.

* * *

PERSONALLY, I should like to see more amateurs riding in the National than do so. Some people would like to see all the riders amateurs, for in the early days of the race the jockeys were mostly gentleman riders, and not a few of them notorious as dandies.

* * *

THERE are sixteen fences in all in the National, varying in height and width. Fourteen of them are jumped twice, the Open Ditch in front of the stands and the Water Jump only once. Distance is 4 miles 856 yards, and time taken averages about 9 minutes and a half, which means that the race is run at a pretty good bat throughout. Nearly as quick as a railway train goes. The distance from the start to the first fence is 548 yards, and the run-in from the last fence to the winning post is 494 yards. Many people do not realize this.

* * *

NO announcement has created greater interest in the Army than the Government's promise for a Territorial Army Review in the summer. It is high time the Territorial Army was more appreciated as the backbone of our National Defence. This Easter the new scheme of Coast Defence under the sole charge of Territorials comes into being, but withal this added responsibility, there is a woeful lack of recruits, due very largely to the casual way in which successive Governments—not excluding the present one—have treated our Citizen Army.

* * *

IT is to be hoped that this Review will be a Royal one in every sense of the word. Queen Victoria was very proud of her Volunteers and enjoyed reviewing them, while Regulars looked on with an amused smile. But there is no air of superiority over our Territorials these days. The war killed the last vestige of snobbery in the Army, and in view of any future trouble the importance of the Territorial Army cannot be over-estimated. I well recall the Review of the two London Territorial Divisions in 1911 by the King in Hyde Park, and before that, in 1908, King Edward reviewed representative units of the then young Territorial Army at Windsor Castle.

* * *

(*Continued overleaf*)

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Club Gossip—*continued.*

I WAS down in Hampshire staying with an Army padre friend who has busied himself with getting his fly-book in order and in preparing his casts for the trout season opening this month. He dresses his own flies, believing, and with good reason, that no man can be a really accomplished fly-fisher unless he manufactures his own flies, and that with dexterity and correctness. He has dressed his own flies ever since, as a young man, he took up a very complete set of flies (London-dressed) to the Derbyshire streams, and for three days flogged the waters of the Dove with no success. Then he met a village barber, and the barber gave him a small fly, dressed with grouse hackle and blue-dubbing. That fly was most killing as long as he fished between the rocks in Dove-dale, but when the river reached the open country his barber friend gave him another fly with a different wing and body. Since then he has believed only in local flies and adapts his choice to what he finds in the localities he fishes. For instance, in northern streams, where the development of the insect frame is not so complete as it is on southern streams, trout steadily refuse the full-bodied flies made in the south.

* * *

Correspondence

Yugoslavia

To the Editor of THE ENGLISH REVIEW.

SIR,—At the risk of being regarded as a "scalded cat" or a "well-paid propagandist," may I, as a long-standing subscriber to THE ENGLISH REVIEW, and as one who in general appreciates greatly Sir Charles Petrie's comments on Foreign Affairs, be allowed warmly to protest against his uncalled-for attack in your January number on Yugoslavia and its devoted Monarch.

Although I am not intimate with the Croatian intellectuals who inspire so much of the propaganda in the British press, I have travelled a good deal in Yugoslavia, from Slovenia to the Sanjak, and have lived in villages and small owns on friendly terms with the peasantry, especially of Bosnia.

Yugoslavia is in no way an artificial creation. On the contrary, in its present boundaries it is one of the most justified products of the peace treaties, consisting, as it does, of the three kindred peoples of Serbs, Croats and Slovenes, with an extremely small proportion of national minorities. King Alexander is their natural leader, admirable in every respect both as man and King. Sir Charles Petrie's reference to the Obrenović murders of 1903 is ridiculously out-of-date, and is meaningless in regard to King Alexander.

The unfortunate squabbles among the sister peoples of which we hear so much were due largely to the impossible leadership of Stepan Radić, who, though little short of insane in his later days, remained a demi-god to the Croatian peasants, and made reasonable co-operation with the Serbs impossible. The Croatain *intelligentsia* also maintained an attitude of insufferable superiority. The wild charges of Byzantine barbarism levelled against the Serbs by the Croats are

largely discounted by the fact that the Slovenes, more western, more wealthy and more cultured than the Croats, found little difficulty under the wise leadership of Abbé Korošec, in working harmoniously with the Serbs.

Possibly, the King, since the establishment of the "Dictatorship," has tried to go too fast and too far. His ideal is a Yugoslavia in which all sections shall forget that they are Serbs, Croats or Slovenes, and think of themselves solely as Yugoslavs. This is a reaction against the exaggerated parochialism and local hatreds of the Parliamentary régime succeeding the war, but is a difficult ideal to attain. Nevertheless, even three or four years ago I have had workmen and peasants describe themselves to me with pride as Yugoslavs when they might have said Dalmatians or Bosnians. The present economic distress, due to world causes for which Yugoslavia is in no way responsible, has, of course, provided the King's enemies with invaluable material for agitation. But sympathy and not sneers is called for from this country in Yugoslavia's time of stress.

It is fairly clear that Sir Charles Petrie's attack on Yugoslavia is due to unbalanced pro-Magyarism. By all means let the Archduke Otto be restored, as Sir Charles Petrie pleads, but let him be restored to Hungary as it at present exists. There is no case for imposing him upon the former subjects of Hungary, and however much the Croats may quarrel with the Serbs, it is a quarrel within the family, and attacks by Hungary or by Italy will unite the family.

Sir Charles Petrie makes the inevitable reference to the "economic unit" argument. Yugoslavia was doing fairly well before the slump, but there is no doubt that an economic union of the Danubian States is desirable. This, as I understand it, is the reasonable and intelligent policy of France, which has up to the present come to grief on the political ambitions of Italy and Germany. It is the fear of attempts at political union behind economic union which is the great hindrance to a reasonable economic policy in the Balkans.

I have just read the article on Yugoslavia in your February number. I hardly know whether it should arouse tears or laughter—tears that a review of the standing of THE ENGLISH REVIEW should publish such unbridled propaganda, laughter at the absurdities of the propaganda itself. I refer not to the recent alleged police atrocities about which I claim no knowledge, but to Mr. Vivian's perversions of past Serbian and Yugoslav history. Those interested will find a fair and impartial and certainly not anti-Croat account of events from the establishment of Yugoslavia to the proclamation of the Dictatorship in Professor Seton Watson's article in the latest edition of the "Enyclopædia Britannica."

Your obedient servant,

London Library. J. A. SIMPSON.

January 24, 1933.

SIR CHARLES PETRIE writes:—I wish the King of Yugoslavia were as moderate as Mr. Simpson, though I fear that the latter is misinformed as to the existing situation: for example, Father Korošec is no longer finding "little difficulty in working harmoniously with the Serbs," but has been imprisoned without trial. I must also deny the charge of being pro-Magyar. In my opinion, it was the understanding between Prussia and the Magyars that precipitated the late war, and a similar agreement may well produce the next. As for the Archduke Otto, I am delighted to express myself in complete agreement with Mr. Simpson as to his restoration, but it is Mr. Simpson's Yugoslav friends who are the chief obstacle.

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SCOTLAND—(*continued*).

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